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NEWS SUMMARY

GENERAL

British Rail sell-off delayed

The Government has dropped its plan to sell British Rail's non-rail assets in their entirety to the private sector.

It is still seeking to attract private finance into its non-rail holdings, but a decision has been deferred until the necessary legislation has been prepared.

When Transport Minister Norman Fowler confirmed that it was the intention to offer private stakes in such activities as Channel services, hotels, and property, Opposition members attacked this as "asset stripping." Page 11, Back

British Airways has acknowledged that it, too, will have to sell assets and cut up to 3,000 jobs this year, if it is to pay £2.4bn for 40 new jets by 1986. Page 9

New oil threat

Iraqi Foreign Minister Saadoun Hammadi was reported in Beirut as advocating nationalisation of all foreign oil companies in the Arab world, and a total boycott of the U.S. to help the struggle against Israel. Back Page. But Kuwait Foreign Minister Sheikh Sabah al-Ahmad said his country would not use its oil as a political weapon.

Bastille Day ban

The French Ambassador in Moscow was banned from broadcasting a Bastille Day message to the Soviet people because of a reference to Afghanistan. A West German TV report from the Olympic Centre was banned for "political contents." Page 2

Changes in China?

Peking speculation suggests that Chinese Communist Party chairman Hua Guofeng, who is 59, may lose the premiership he has held since 1976. Vice-premier Zhao Ziyang could succeed him. Page 4

Carrington trip

Foreign Secretary Lord Carrington is to pay official visits to Brazil, Barbados, Venezuela and Mexico between July 29 and August 10.

Walker's attack

Agriculture Minister Peter Walker, speaking in Madrid, attacked French moves to delay enlargement of the EEC and called for the admission of Spain without "dithers or delays." Page 3

Deadly romp

A £150,000 case opened at Chester, where a farmer is suing a 95-year-old retired schoolmistress, claiming that her herd of cattle strayed, causing his prize bull to go on the rampage. He was "transformed from a magnificent specimen to a total wreck," and had had to be destroyed.

England battle

Boycott's 81 not out means England (150 and 201-3) can save the Third Test at Old Trafford against the West Indies (260). Today is the last day.

Briefly . . .

Japanese police were looking for 45 poisonous snakes on the loose after a smuggler had used them to protect a horde of pistols.

Air Portugal pilots called off their three-week-old strike.

PUBLISHER'S NOTICE

The Financial Times is to increase its cover price from 20p to 25p from next Monday.

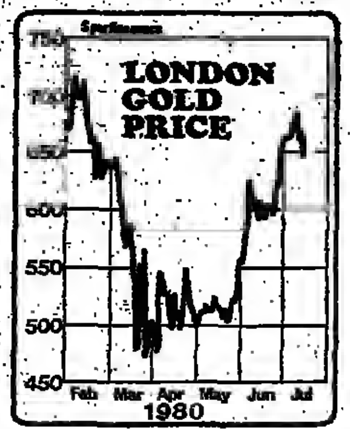
BUSINESS

Gold off $25; Equities ease

● STERLING closed 20 points off at $2.3760, helped by late buying out of New York. Its trade-weighted index was unchanged at 74.5. Page 21

● DOLLAR was slightly firmer overall, finishing at DM 1.7435 (DM 1.7375). Its index rose to 82.9 (82.8). Page 21

● GOLD fell $25 an ounce in London to $644.5 on speculation of further U.S. gold sales. Page 21



● GILTS revived after hours, reducing falls at each end of the market. The Government Securities index closed 0.12 off at 70.61. Page 28

● EQUITIES were dimmed by ICI's 16p fall and the FT 30-share index closed 2.3 down at 489.7. Page 28

● WALL STREET was up 9.98 at 901.11 near the close. Page 26

● ELECTRICITY Council pension funds launched a campaign to "prevent control" of News International passing to News Corporation, Rupert Murdoch's Australian master company. Back Page

● AUSTRALIA is threatening reprisals over imports from the EEC if the Community introduces export subsidies for lamb. Back Page

● BARCLAYS BANK International is to raise $200m through a 15-year floating rate note in the Eurobond market—the largest such issue floated by a UK bank. Page 22

● BRITISH Airways may have to sell assets and cut up to 3,000 jobs this year if it is to have any chance of financing its £2.4bn plan to buy 40 more jets by 1986. Page 9

● BRITAIN'S borrowings from the European Investment Bank and other EEC lending institutions are likely to drop this year from last year's record levels. Page 9

● ROBERT BOSCH, West German electricals group, is expected to appeal soon against the U.S. Federal Trade Commission's order to end its three-year director-sharing agreement with Borg-Warner. Page 23

● TRADE Secretary John Nott urged more direct British investment in Nigeria and a more aggressive approach by businessmen. Page 7

● ELECTRICIANS involved in the inter-union dispute at the Isle of Grain power station decided to reject a TUC solution. Page 10

● RANK Organisation reported a fall of almost £11m to £53.45m in taxable profits for the 28 weeks to May 10. Page 18 and Lex, Back Page

● MONTAGUE L. MEYER, timber merchant, reported pre-tax profits for the year to March 31 up from £15.45m to £16.33m. Page 18 and Lex, Back Page

● LRC International, rubber products and medical group, reported pre-tax profits for the year to March 31 up from £5.88m to £6.21m. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Anglo Metropolitan	66	+ 4	Assoc. Newspapers	305 — 8
Bruntons (M'brgh)	96	+ 8	ICI	363 — 16
County & District	164	+ 6	Kershaw (A.)	285 — 40
Currys	217	+ 6	Polly Peck	113 — 5
Derritron	30	+ 5	Rank Org.	180 — 13
Electrocomponents	625	+ 13	Rothschild Inv. Tst.	382 — 11
Elys (Wimbledon)	183	+ 11	Sotheby's	450 — 8
Hill Samuel	135	+ 4	Tarmac	347 — 10
House of Fraser	152	+ 4	Arah Energy	460 — 20
Int. Timber	107	+ 4	Berkeley Expl.	218 — 15
Leigh Interests	172	+ 10	Clyde Petroleum	455 — 60
Metal Closures	99	+ 6	Ashton Mining	116 — 8
Pennine Comm.	10	+ 3½	Charter Cons.	224 — 10
RTD	14	+ 7	Conzinc Riotinto	256 — 8
Swire Properties	68	+ 4	Haoma Gold	186 — 10
Telephone Rentals	263	+ 10	Northern Mining	116 — 16
Westland	103	+ 5	North West Mining	158 — 8
Williams & James	138	+ 23	Otter Exploration	82 — 6
FALLS			Samantha	94 — 7
Treasury 3pc 1982	[illegible]	— ¼	Western Mining	250 — 12

Gas for industry to cost at least £500m more a year

BY SUE CAMERON, CHEMICALS CORRESPONDENT

The British Gas Corporation plans to raise contract gas prices for its industrial customers by up to 54 per cent in the coming year.

The smallest contract price increases are expected to be about 21 per cent. The price rises will add at least £490m to British industry's annual gas bill.

The increases can be expected to intensify the debate about the British gas monopoly. Detailed plans for ending the corporation's monopoly over supplies for industry have just been sent to the Government by the Chemical Industries Association.

Manufacturing companies are already sensitive about gas prices.

In April this year, UK companies were paying between 67 per cent and 112 per cent more for gas than their West German competitors according to figures from the European Council of Chemical Manufacturers Federations. The latest rises are likely to further widen the gap.

British Gas is to ask its industrial customers to pay an estimated 7p to 14p a therm more for their gas as their annual contracts come up for renewal. At present, industrial contract customers, which account for more than 40 per cent of the British Gas Corporation's annual 17bn therms of sales, pay 26p to 33p a therm for their gas. Most companies have annually renegotiable contracts.

Last night, British Gas said the increases were part of its policy of bringing industrial gas prices into line with gas oil prices—gas oil is used chiefly as heating oil. The present price of gas oil—excluding VAT—is about £173 a tonne, equivalent to 40p a therm.

The corporation said it had always had a policy of relating industrial gas prices to oil prices, although gas prices had usually lagged behind crude prices. But in the aftermath of last year's oil crisis, when demand for gas in the UK trebled, it had become more determined than ever to bring industrial gas prices in line with those of gas oil.

The corporation stressed that if its industrial prices fell too far behind those of gas oil—the main competing fuel in manufacturing—demand would rise. Yet British Gas was already unable to meet the full demand from industrial customers.

It was also anxious to concentrate on those markets—the so-called premium uses—for which gas was most suitable as a fuel. These include domestic and office users, plus industries that wanted gas for specialised uses. Gas was "far too good to be used just for raising steam."

The corporation added that in a totally free market "we would be able to price gas at a higher level than gas oil."

At least one chemical company is already known to have been asked to pay more than 42p a therm for contract gas when it sought extra supplies—with the warning that the corporation might not be able to provide the gas even if the customer were prepared to pay the price.

British Gas said that the increases would be part of a "rolling programme" and would come into operation only as contracts came up for renewal.

The British Gas increases coincide with new demands from the Chemical Industries Association for secure supplies of gas at cheaper prices for manufacturers. The Association has sent detailed plans for breaking the British Gas monopoly on industrial supplies to the Government.

In a paper released today outlining its proposals, the association says UK chemical companies are now paying as much as 17.5p a therm more for their firm gas supplies than

Continued on Back Page

UK conventional weapons build-up to cost £1.3bn

BY LYNTON McLAIN

THE GOVERNMENT gave the go-ahead yesterday for a £1.3bn conventional arms re-equipment programme—including a new main battel tank—only weeks before an expected decision to spend £4bn-£5bn on a *new* nuclear deterrent to replace Polaris.

About £1bn of the latest investment plan will go on up to 2,000 new all-British armoured personnel carriers, the MCV-80.

This programme will involve about 10,000 jobs at the manufacturer, GKN-Sankey, at Telford and Wolverhampton. The Rolls-Royce Diesel Division—which will supply the engines—and Vickers Defence Systems—which will supply the turrets—at *Elswick, Newcastle-upon-Tyne* will also benefit.

The MCV-80 was chosen in preference to the U.S. infantry fighting vehicle which bad higher maintenance costs, the Ministry of Defence said.

The balance of the latest arms programme, £300m, will bny an initial batch of 240 Challenger main battle tanks. The first will be delivered in 1984. The Challenger is based on the research involved in the order for the British Shir I and Shir II tanks cancelled by Iran when the *Shab* was deposed.

The succession of tanks ordered by the Shah had made "some contribution" to the research and development work leading to the new Challenger tank, the Ministry said yesterday after the Government statement in the House of Commons.

A top civil servant may ask to be "dissociated from responsibility" if the Government buys British replacement aircraft for the RAF in preference to cheaper American ones. Back Page

The Government expects that most of the work on the Challenger will continne, as now, to be carried out at the Royal Ordinance Factory at Leeds—the "preferred source of supply." This suggests that Vickers Defence Systems at Elswick, where workers are short of defence contracts—as a direct result of the cancellation of the Sbir tank orders—is unlikely to benefit substantially from the Government decision on Challenger.

However, Rolls-Royce Diesel Divisio nat Shrewsbury is expected to benefit in a big way, as the Challenger is built around the Rolls-Royce 1,200 bp diesel engine.

The final number of Challengers to be bought has not been decided, but the ministry is *working on the assumption* that Challengers will eventually replace up to half the 900 existing Chieftain tanks with the Rhine Army.

An *immediate improvement* in the Army's armoured capability would come with the decision, also announced yesterday, for a ninth armoured regiment to be formed in the Rhine Army in November when a reconnaissaoce regiment would be given a new role with Chieftain battle tanks.

Fodens calls in receiver

BY REG VAUGHN AND JOHN GRIFFITHS

FODENS, one of Britain's two remaining independent beavy commercial vehicle manufacturers, has called in a receiver after mounting losses.

After meetings with its merchant bankers, County Bank, Fodens last night said the mova was because of "substantial losses in recent trading aod in view of the current financial position and immediate prospects." In the half year to October 13, 1979, the group sbowed pre-tax losses of £1.73m

Shares had been suspended earlier in the day. Trading in the ordinary was halted at 23p (down 2p on the day). The sbares reached a 1979 high of 61p and this year have reacbed 45p, wben bid roumours were circulating.

Recently, Foden had taken decisive action to get itself into more efficient shape.

At the end of last month it announced a 25 per cent cut in its work force, involving 630 forced redundancies by October.

The cuts, across the board, followed the loss of 300 jobs last October, wben Foden decided to stop making its own gearboxes.

Ironically, last night's announcement came at the end of a half-year in which Foden bad fared better than most truck manufacturers in tha market place.

Its registrations in the first six months, at 723, were only about 70 down on the 1979 period. Until the end of May, Foden was the only British beavy truck maker to actually increase sales.

This was primarily because of a new truck raoge, the S10. However, the heavy trucks market bas taken a sharp downturn in the past two months, and since the third week of Juoa employees at Foden's Sandbacb, Cheshire, plant bave been on three-day working.

A new management team, led by executive chsirman Mr. Douglas Paybody, took over earlier this year with the declared intent of reducing overbeads. Apart from cutting the workforce, there bas been a stock-cutting drive within the plant and efforts to sell outside major components from tbe S10 range.

CONTENTS

For latest Share Index phone 01-246 8026

Output of UK manufacturing down by 8%

BY DAVID MARSH

THE PACE of Britain's slide into recession was highlighted yesterday by Government figures wbich sbow an 8 per cent drop in manufacturing output during the 12 months up to the early summer.

Manufacturing iodustry has been particularly bard bit by a combination of weakening demand, high stocks and strong foreign competition. But thera bas also been a marked slowdown over the wbole of industry.

According to Central Statistical Office calculations which allow for the effects of the first quarter steel strike, the underlying level of total industrial output in the tbree months March to May was more than 4 per cent below the generally flat level of last year.

The figures show that industrial output in May dropped a provisiooal 0.1 per cent from April on a seasonally adjusted basis. This took the index of all industries production to 107.0 (1975=100).

Government statisticians now say the drop in total output in Anril was mucb sharper than first thought. Accordiog to revised figures, production fell by 1.7 per cent compared with March, well above last month's original estimate of a 0.6 per cent fall.

This dron was in spite of the ending of the steel strike at the beginning of April.

Resumption of work would normally bave been expected to lead to a spurt in activity to catch up with a backlog of demand among steel customers.

INDUSTRIAL PRODUCTION

1975=100, seasonally adjusted

		All industries	Manufacturing
1979	2nd	114.8	107.0
	3rd	112.6	103.1
	4th	112.5	103.6
1980	1st	110.6	100.9
	March	109.0	98.5
	April	107.1	98.3
	May	107.0	97.2

Source: Central Statistical Office

Bnt industry's stock levels appear to bave been so high that—in the words of one Whiteball official yesterday—"There was no catching up to be done."

The 8 per cent drop in manufacturing in Marcb to May compared with the same 1979 period exaggerates the underlying trend.

Output during March to May last year was boosted above the 1979 average by the industrial recovery which followed the winter's road baulage dispute.

On a shorter time scale, manufacturing output during the latest three-month period was 4.5 per cent below the previous December-February quarter. All-industries production—wblch includes sectors like energy, construction, utilities and mining—was 3.4 per cent lower.

Yesterday's figures underline the extent to whicb rising North Sea oil and natural gas output bas protected the UK from an even sbarper economic slowdown.

Kuwait bid for 15% stake in Getty Oil

BY DAVID LASCELLES IN NEW YORK

KUWAIT plans to buy a stake of nearly 15 per cent in Getty Oil. If the deal goes through, it will be worth nearly $1bn and will represent the largest overseas investment of its kind by a member of OPEC.

The proposal was confirmed yesterday by tbe execntors of the estate of Mr. J. Paul Getty, former head of the oil company, wbo died in the UK in 1976.

Tbey said they had received an offer from the Kuwait Ministry of Finance's investment department of $82 a share for the 11,970,340 Getty shares owned by the estate. The deal would total $982m. These shares *represent* 14.6 per cent of Getty's outstanding common stock.

The offered price is higber than the $79 at which Getty shares have traded recently, tbough it is well below their 52-week high of $97.

The Title Insurance and Trust Company, executors of the Getty estate, said tbe offer had come "ont of the blue." It would be considered soon, possibly as early as today.

Mr. Getty bequeathed his shares to the J. Paul Getty Museum in California, making it one of the best endowed in the land.

Britain to repay $1.7bn of debt

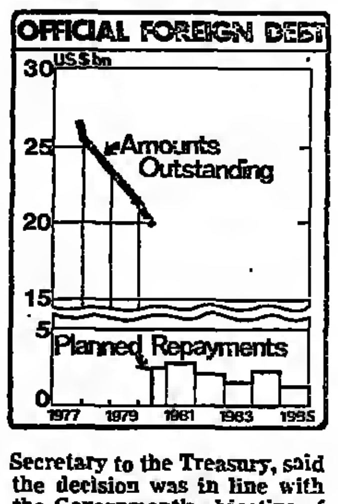
BY DAVID MARSH

BRITAIN PLANS to further rednce the level of overseas official debt by making early repayment of almoat $1.7bn of Eurocurrency loans raised from international banks.

The funds will be repaid out of the reserves during the rest of the year, and the move will have no direct effect on sterling. It does however demonstrate the Government's confidence in the backing given to tbe pound by a combination of North Sea oil and tongh monetary policies.

The main element in the debt-rednction package will be the repayment of a $1.Shn loan raised by the Government from tbe Euromarket in 1977. Additionally, tbe Post Office is repaying ahead of schedule $160m borrowed in four separate loans from foreign banks.

Announcing the repayment plan in a written Parliamentary answer yesterday, Mr. Nigel Lawson, Financial



Secretary to the Treasury, said the decision was in line with the Government's objective of securing a subsiantial reduction in official external debt during the life of the present Parliament.

Since entering office the Government bas repaid $4.6bn of overseas debt, made np of $2.8bo of scbednled payments and $1.8bn ahead of schedule. Taking account of new borrowing of $2.2bn during this period, net repayments are $2.4bn.

This bas left $19.8bn of Government and olber public sector foreign borrowings outstanding at June 30. This figure compares with tbe peak foreign debt level of $26bn in October 1977 in the wake of the borrowings made by the Government in the mid-seventies to shore np sterling and the balance of payments.

The Labour Government

Continued on Back Page

Russians block German TV report

BY OUR MOSCOW CORRESPONDENT

A ROW seemed to be building up over Olympic Press coverage yesterday after the refusal by the Soviet authorities to relay a West German television report from the Olympic broadcasting centre because of what they described as its political content.

The report, by Klaus Bednarz of the ARD television network, concerned the attitude of the Soviet authorities to the games and coosisted largely of quotations from Soviet newspapers. It also compared Soviet Press claims that sports and politics should oot be mixed with another claim, from a Communist Party handbook, wbich said that boldiog the Olympics in Moscow was a triumph for Soviet foreign policy.

Herr Bednarz said he was told that bis report had been hlocked because it concerned politics and not sport. He said Soviet officials also complained that the series of four transmisaions of whicb the censored report waa a part contained an interview with a Soviet dlssideot.

Herr Bednarz said no sucb interview bad been included and the only mention of a dissident —Yeleoa Boner, the wife of Dr. Andrei Sakharov, the exiled Soviet dissident leader—was in a message ioteoded solely for the information of his editors.

Instead of using the Soviet broadcast ceotre. Western Television networks have the option of sending film or videotape by air, thereby avoiding censorabip, but that procedure is much slower.

Mr. Ignaty Novikov, chairman of the Olympics organising committee, has called on the world's Press to provide "well-intentioned and objective coverage" and the Soviet news ageocy, Tass, has reported approvingly the remarks of Lord Killaoin, president of the International Olympic Committee, wbn said that foreign journalists in Moscow for the games should confioe themselves to writing about sport.

The issue raised by the censoriog of the ARD transmission may grow in importaoce because security measures in Moscow have been intensified in preparation for the games. The Soviet authorities have made clear that they do not want the Olympics to become tbe opportunity for reports oo Soviet society.

In recent weeks, Moscow potice have interfered witb U.S. television correspondents seeking to cover the final Olympic preparations and in one case, a television crew was prevented from filming Red Square because it was "not an Olympic site."

Mr. Djuranovic: architect of stabilisation plan.

Thatcher for talks in Belgrade

By Anthony Robinson

THE BRITISH Prime Minister Mrs. Margaret Thatcher, is to pay an official visit to Yugoslavia in September for talks with Mr. Veselin Djuranovic, the Yugoslav Prime Minister, and other officials.

In spite of previons invitations by the late President Tito, no Britisb Prime Minister has paid sueh a visit since the war, although Mrs. Thatcher attended tbe Yugoslavian leader's funeral and went to Belgrade for talks in 1977 while still leader of the opposition.

Mr. Djuranovic is censidered an economic expert and one of the architects of Yugoslavia's current stabilisation programme.

Having devalned the dinar by 30 per cent last month the anthorities are now engaged in a "hearts and minds" policy aimed at pursuading Yogoslavs that even nnder socialism, people are expected to work hard, show initiative and not pay themselves more than they earn.

Yugoslavia's independent foreign policy, particularly its outspoken criticism of Soviet actions in Afghanistan, Vietnamese action in Kampuchea and Cuba's attempt to swing the non-aligned movement in a pro-Soviet direction, also corresponds closely with Mrs. Thatcber's view of the world.

Meanwbile, the International Finance Corporation, the risk venture arm of the World Bank, has announced a $32m (£13.5m) loan to a gronp of eight Yugoslav banks, led by Ljubljanska Banka. It will be used in a $96m scheme to finance small scale enterprises.

West German investment abroad reaches new peak

BY KEVIN DONE IN FRANKFURT

WEST GERMAN investment abroad reached a new peak last year of DM 7.8bn (£1.9bn) and investmeot in foreign markets is fast reacbing the total of foreign investment in West Germany.

According to a report of the Institute for the German Economy (DIW), investment abroad now totals more than DM 66bn (£16m) compared with cumnlative foreign investments in West Germany of some DM 68bn.

West German investors have been looking to foreign markets for attractive investment opportunities in increasing numbers since 1973, according to the Institute. But the momentum gathered particular pace last year.

Since 1974, West German companies and private investors have been exporting more capital than has been flowing into the country. In the process, the deficit of West German overseas investment against foreign investment in West Germany has been reduced from DM 16bn in 1974 to only DM 2bn last year.

The Institute highlights a number of factors behind the particular West German push overseas in the past seven years, including the steadily rising worth of the Deutsche Mark, the need to secure access to new foreign markets and to ensure the security of key raw material supplies and the rapid rise of labour costs in West Germany.

The most important target for foreign investment remains the U.S., which has taken around 20 per cent of the West German total since 1961. The U.S. market has come under particularly strong attack from some of the most important sectors of the West German economy, such as chemicals, pharmaceuticals and the motor industry, as well as banking and electronics.

Apart from the U.S., France and Belgium / Luxembourg account for about 10 per cent each of West German foreign investment, followed by Switzerland (almost 8 per cent), Brazil (7 per cent) and the Netherlands and Canada (6 per cent).

In a report published yesterday, the Institute said the investments were concentrated on a fairly narrow front not only in the U.S., but also in the other major target countries. Almost three-quarters of West Germany's total foreign investment has been devoted to oil exploration and processing, chemicals, iron and steel production, and the vehicle mechanical engineering and electrical and electronics sectors.

Bracing for the flood of foreigners

BY DAVID SATTER IN MOSCOW

LONG AWAITED and bitterly fought over, the 1980 Olympic Games open in Moscow next Saturday with fewer teams competing than at any time since 1956 and amid the tightest security in the bistory of the games.

An air of anticipation hangs over the city not only because the authorities are anxious to prove that, after 63 years of socialism, the Soviet Union can hold the Olympics as well as any other country but also because everyone is curious as to how they will deal with so many foreigners at one time.

Work is almost complete at the 76 Olympic aites scattered across Moscow. Tbe Luzhniki sports complex and the Dynamo stadium, the city's two major sports facilities, have been completely remodelled with improved facilities for spectators and new banks of floodlights have been installed for night events. According to Western estimates some £1.3bn has been spent oo the games.

The process of repainting buildings and demolishing cyesores is drawing to a close and the city is emptying as Muscovites leave on holiday.

Moscow continues to be inundated with vast numbers of unlformed and plain-clothes pollce, many of them from the provinces. The latest estimate now puts the number of militia in the city at 200,000 or more than double the number of foreign guests expected.

The last major influx of foreigners was in 1957, when 30,000 young people from 120 countries came to Moscow for the World Youth Coogress.

This time, the numbers are much greater and their arrival occurs at a time of international teosion. The Soviet authorities have taken steps to minimise their effect. The newspaper Sovetskaya Rossiya warned readers on Sunday to beware of foreigners seeking to engage in political discussion. The newspaper said that young Russian speakers from tbe West wbo were "skilled in holding beated political debates" had been trained by Western intelligence services for "subverslve activities" during the Games.

The thousands of young people wbo have taken jobs at the Olympic sites have heen checked for political rellability. They bave also been given strict instructions not to fraternise with forelgn guests.

A questionnaire prepared last year for them contained advice on bow they should react to situations ranging from criticism of Soviet society by a foreigner to the news a colleague had had sex with a foreign guest.

Meanwhile, in a television broadcast on July 6, millions of ordinary Soviet viewers were told that "Zionist and profascist" groups under the direction of the U.S. Central Intelligence Agency were planning acts of psychological warfare, subversion and sabotage during the games. Among the devices which the Soviet media have warned against are "anti-Soviet" leaflets and literature and shirts, hlazers and umbrellas decorated with humao rights slogans and pictures of Soviet dissidents.

Official warnings in the Press have heen supplemented by rumonrs. The most common rumour is that foreigners are planning to spread syphilis in Moscow tbrougb infected chewing gum.

The U.S.-led boycott has denied the Soviet Union much propaganda value by preventing a sporting confrontatinn between the two great powers. It has reduced tbe competitlon in many track and field sports and all but destroyed it in equestrian eveots, sailing and field hockey. Only 82 countries will compete compared to 88 in Montreal in 1976 and 122 in Munich in 1972.

The boycott also reduced the number of visitors from an expected 300,000, includiog 120,000 Westerners, to 100,000, with perhaps 30,000 Westerners. This will cost the Soviet Unlon hundreds of millions of dollars in lost hard currency.

But the boycott has done little to inform Soviet citizens about Western objections over the invasion of Afghanistan because many Western teams are attending either without objection from their governments or in spite of it. The Olympics can still stand as a successful advertisement for Soviet society. But this will depend on the quality of the facilities provided athletes and spectators and their isolation from ordinary Soviet citizens.

The build-up of police and KGB in Moscow is apparently designed primarily to remind ordinary citizens that unauthorised contacts with foreigners are strongly discouraged. With two or more uniformed militla men on every street in the centre of the city and probably as many agaln in plain clothes, it will be difficult for foreigner and Russian to meet by cbance without a militia man approaching to guarantee tbe foreigner's "safety."

But the overwhelming police presence and a host of pettifogging security precautions, such as the use of passes aod metal detectors to clear residents for entry into their own hotel, could cause incidents of their own.

If the Soviet authorities do not show moderation in their attempts to prevent contacts between foreigners and Soviet citizens, tbey may defeat their own purpose. Even the most naive foreign visitor will go away having learned something basic about Soviet society after all.

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Strikes in Italy as Senate debates economic package

BY RUPERT CORNWELL IN GENOA

ITALY'S deflationary economic package, under savage fire from the Communist Party, today begins a rough parliamentary examination which may last well into August.

A fresh wave of strikes in part directed against the measures themselves, and in part against the Government's failure to tackle outstanding industrial problems, coincide with the Senate examination.

Into this second category falls a journalists' and print workers' strike halting all Italian newspapers today. The stoppage is in protest at the lack of substantial legislation to help the Press. Many papers, including Il Messaggero, Rome's most popular daily, are facing mounting financial difficulties.

More disruption could hit airports and railways this week, while a three-hour national stoppage is scheduled by 1.5m engineering workers in their campaign against expected lay-offs and staff cuts by Fiat, the country's biggest private industrial concern.

The most important issue remains the fate of this month's economic package, which the Communists will use to attempt to bring down the present coalition Government. The biggest bone of contention is the provision for a special tax of 0.5 per cent on industrial salaries to finance a "solidarity fund" for depressed sectors, for whose management the unions would be given partial responsibility.

The federal uninn leaders last weekend reiterated their backing for the 0.5 per cent tax, to which they agreed in negotiations with the Government—in the face of Communist threats to mobilise the unions against the measure.

The prospect of a split between the Communists and the union leadership still threatens, despite the desire of both sides to avoid a clash between these traditional allies.

Much hinges on the extent to which the Government is prepared to compromise on its measures, and on how the Communists try to obstruct them.

Portuguese air strike off

BY JIMMY BURNS IN LISBON

AIR PORTUGAL, the troubled national airline, won a temporary lease of life yesterday, when pilots called off a crippling three-week strike over pay and working conditions.

The pilots reached their decision following a surprise meeting with President Antonio Ramalho Eanes shortly before an emergency Cabinet session which was expected to announce the temporary shutdown of the company.

The pilots denied yesterday they had come under any pressure from President Eanes, and described his action "as extremely positive."

هكذا من الأصل

Poland has witnessed a remarkable surge of worker power. **Christopher Bobinski** reports from Warsaw.

Where a strike is as good as a pay rise

POLAND'S working class has again shown that it is a force to be reckoned with. Over the past fortnight strikes in support of wage demands have flared up at many factories and the authorities have been forced to the negotiating table for talks with elected factory delegates. For the moment, at least, the Polish leadership has ruled out force as an option, and it is quite likely that the coming months could see the development of an independent trade union movement in Polish industry.

Poland's uniqueness in the Communist bloc stems from the fact that the working class has twice helped to topple Governments since the war, in 1956 and 1970. Ten years ago it was the attempt to use force to put down strikes against food price increases in the Baltic ports which brought down the regime of Mr. Wladyslaw Gomulka. In 1976 the present leader Mr. Edward Gierek was careful not to repeat the same mistakes, and prudently withdrew from another attempt to raise meat prices at the first hint of trouble. Now another move to raise some meat prices has triggered off the present unrest and instructions have gone out to factory managers to defuse tension and grant wage increases where necessary.

This stance is not new. Strikes, or the threat of strikes, are by no means rare in Polish industry, although they are usually quickly settled and never publicly reported. The most common causes of industrial disputes have been cuts in wages or bonus payments. Changes in productivity norms, too, are fraught with tension. Stoppages have also been known over consumer goods shortages, and the authorities have at their disposal emergency stocks which have been known to appear when discontent runs high.

Polish workers have been well aware of their power en masse. But that power has been used to defend existing income levels. What the authorities are now faced with is the new threat of demands for wage increases.

The present trouble started when the authorities tried to put up prices of some kinds of meat, which would have meant that 30 per cent of meat supplies this year will be sold at prices up to 100 per cent higher than normal in special shops. The shifting of selected meat to the more expensive shops has been going on since 1978. In that year state income from meat sales rose by 5 per cent and by another 6 per cent last year. The authorities might have got away with it this time too if it hadn't been for the generally irritable mood in the country caused by continuing shortages in the shops. The increases also came together with changes in wages and productivity norms in plants in the

engineering industry. Last but not least they tried to put up the price of bacon—a working-class staple.

Some plants like an aircraft factory at Mielec in southern Poland struck for and got a return to old productivity norms and a wage rise of up to 15 per cent. On Saturday the FSO car works in Warsaw went back after receiving pledges of a similar increase. Other plants like the Zelos TV plant outside Warsaw went back after they got promises of a return to the old meat prices. At Zyrardow west of Warsaw two textile plants were still striking at the weekend in support of general wage increases but also demanded improvements in works conditions and an inquiry into the way raw materials were being wasted at the plant. In all since the beginning of July the dissident Social Self Defence Committee (KOR) has documented 30 industrial stoppages.

As the country's media has still not admitted that any unrest exists, KOR which was set up in 1976 to defend workers victimised after the demonstrations that year, has emerged as the main source of news on the present wave of strikes. Since 1976 the movement of some several hundred activists, harassed at every step by the police, has continued to act as a human rights pressure group. Should the authorities in the future attempt to victimise shop floor delegates active in the present wave of strikes KOR will again come into its own.

The workers are aware of the threat. At the tractor plant in Ursus just outside Warsaw which was one of the first to come out and won a 10 per cent wage increase, workers' delegates demanded and received written assurances from the management that they wouldn't be victimised. Reports from other plants where strikes have occurred say that the management often finds itself talking to changing teams of shop floor delegates as the workers evidently assume that it will be more difficult to victimise a crowd when things calm down.

This shows a working class which is learning the rules of industrial disputes fast. They are younger and more ambitious than before. Surveys carried out a few years ago show that they are well aware of the lack of democracy at their work place and the failing of the official trade unions in defending their interests. There is also an acute awareness of inequalities in society and this explains the authorities' first attempt last week to defuse tension by promising wage increases for the lowest paid from next year.

The authorities admit in private that more disputes could be on the way. The force of the wage demands is to be explained by the fact that real wages growth has fallen dramatically since the first half of the seventies. What is more the slowdown in the economy, the need to control inflation and the burden of foreign debt servicing, amounting to \$2bn a year in interest alone, means that the authorities have been planning low wages growth for the coming year. Despite the pragmatism the party has shown when faced with the present situation the indications are that it is not yet ready to treat the working class as a partner in the difficult times which lie ahead.

The media is still not being allowed to mention the industrial unrest and for their own internal use the authorities have coined the euphemism "temporary weakening of production

Mr. Gierek: Taking a soft line.

dynamics" to avoid the word strike. The official trade unions are being brought in by the authorities into the wage negotiations on the management side and this shows the authorities seem unable to concede of having them slip from their control. The general impression is that the leadership, relieved that no one has marched onto the streets, aims to muddle through by giving way where necessary and hoping that the discontent will ebb over the summer.

But KOR has already demanded the abolition of State censorship in its present form and an open debate on the state of the economy and the reforms necessary to improve conditions. It has also proposed the introduction of meat rationing as the only fair way of resolving that problem for the present.

The debate over the future of the country is only just beginning. That debate and the industrial unrest of the past few weeks is sure to be watched carefully by the Soviet Union always wary of reforms in neighbouring countries which might prove an example to its own people.

The Polish Party will be well aware that the Soviet Union has not shrunk in the past from ruthlessly stamping out changes which threatened its interests as in Czechoslovakia and Hungary. But Poland, as the largest Eastern European country, enjoys a special status in the block. Advocates of far reaching reforms have already pointed out that changes would ensure social stability and economic viability — factors which should be warmly approved by Moscow.

Poland's Communist Party—and the Soviet Union next door—has since the war learned to live with a farming sector which is largely in private hands and an independent and outspoken Catholic Church. The time has come when a similar modus vivendi may well have to be found with Poland's working class.

Turks begin flights to Greece

ATHENS—Turkish Airlines yesterday resumed regular flights to Greece, using the air corridors over the Aegean Sea that have been closed for six years.

The two countries banned commercial traffic over the Aegean in the wake of the Turkish invasion of Cyprus in 1974, but they lifted the ban in February, enabling commercial airlines to fly a direct route between Greece and Turkey.

Olympic Airways, Greece's national carrier, said resumption of flights to Turkey is not expected to be considered until later this year because its summer schedule has already been published.

The resumption of flights is one of the most positive developments between Greece and Turkey which have been quarrelling about Aegean seabed and airspace rights since 1974.

The two countries have been making efforts to improve their relations, and after a meeting in Ankara last month, their Foreign Ministers promised to work for a peaceful settlement of their differences.

AP

EEC ENLARGEMENT

Firm British support for Spanish entry

BY TOM BURNS IN MADRID

THE BRITISH Agriculture Minister, Mr. Peter Walker, has called for Spanish entry into the EEC without "dithers or delays." He made his statement after a meeting yesterday with Spanish leaders. It constitutes the strongest endorsement to date of Spanish admission and contrasts with France's concern that enlargement of the Community be delayed until budgetary problems are resolved.

In a pointed reference to the French position, Mr. Walker said Britain's contribution to the EEC budget was considerably greater than France's and that Britain had never had the slightest hesitation in supporting a greater Europe. Spanish entry would strengthen Europe and any opposition to it would "give pleasure to the enemies of European democracy."

Mr. Walker's visit had been planned before the recent deterioration of relations between Spain and France and officials said he was returning a visit to London last January by Sr. Jaime Lamo de Espinosa, the Spanish Agriculture Minister. But, last week, preparing the ground for Mr. Walker's discussions, Lord Bridges, Deputy Under-Secretary of State at the Foreign Office, held talks here at the Spanish Ministry for relations with Europe and reportedly spelt out then Britain's wholehearted support for enlarging the Community.

Earlier this month, M. Raymond Barre, the French Prime Minister, confirmed Spanish fears when he briefed officials here on his Government's opposition to negotiations covering the accession of Spain and Portugal before the completion of discussions of the Community's present internal reforms. The French position was termed as unjustifiable by Sr. Leopoldo Calvo Sotelo, Spain's Minister in charge of negotiating European entry.

Despite the French position, Spain is sticking to the January 1, 1983, target date for signing the treaty of accession.

West Germany reaffirms backing for Lisbon's bid

BY JIMMY BURNS IN LISBON

WEST GERMANY has reaffirmed its support for Portuguese entry into the EEC, thus further allaying fears in Lisbon that its admission to the Community might be delayed because of French concern about expansion.

This reassurance has come in separate interviews published here yesterday with Herr Carl Kartens, the West German President, and Herr Hans-Dietrich Genscher, that country's Foreign Minister, on the eve of their official visit to Portugal.

President Kartens told the Diario de Noticias that West Germany was aware of the "political dimension" of Portuguese and Spanish membership and, therefore, "supports, to the extent that it can, entry of Spain and Portugal into the Community as quickly as possible."

Herr Genscher told Portugal's leading weekly publication, Expresso, that negotiations on Spanish and Portuguese entry should not be allowed to stagnate but should proceed "without any further delay." He stressed that discussions on the EEC's budget and common agricultural policy could be held in parallel with enlargement negotiations.

"The West German Government does not see any reason why the present calendar (set for enlargement) should be altered," he said.

Portugal and Spain are scheduled to join the Community on January 1, 1983. France, however, has indicated that it opposes extending the Community before the Nine have decided on changes in the financial and agricultural policy.

The West German commitment follows a tour of European capitals by Sr. Francisco Sa Carneiro, the Portuguese Prime Minister, during which he received support from all EEC member states for Portugal's entry. After talks in Paris at the beginning of June, Sr. Carneiro said that he remained convinced that Portugal's membership agreement could be signed next year and that it would come into effect in 1983. Portuguese officials, however, have continued to voice concern that this target might be put back and that Community rules could be "very different" to those on the basis of which they have been negotiating.

In contrast to the similar fears of Spain, these have been expressed in private and not in public. The Lisbon Government does not want to risk stoking existing fires within the Community less than three months before Portugal's general election. Membership of the EEC is the Government's main foreign policy priority, and Sr. Carneiro has said his Democratic Alliance will speed up Portugal's entry into the Community.

Gibraltar border hitch

BY OUR GIBRALTAR CORRESPONDENT

BRITAIN IS encountering difficulties in persuading the Spanish Government to open the Gibraltar border as agreed in Lisbon last April by Lord Carrington, the British Foreign Secretary, and Sr. Marcelino Oreja, his Spanish counterpart.

Preparations for lifting the restrictions, imposed by Spain 11 years ago, were due to be completed six weeks ago, but Madrid is apparently attempting to obtain political concessions. In an effort to try to find a solution, a meeting of the two Ministers is planned.

It appears that Spain would prefer a gradual lifting of restrictions dependent on progress at formal negotiations. But this is not what was decided in Lisbon, says Sir Joshua Hassan, Gibraltar's Chief Minister.

Sir Joshua added that the Gibraltar frontier must be like any other in Western Europe. There should be normal customs controls and passports would be used. Other entry arrangements might subsequently be enforced for commuting Spanish workers.

The complex issue of Spanish unions opening branches in Gibraltar is seen as a matter for discussion between union headquarters in Gibraltar, Britain and Spain.

Baghdad favours oil seizures and boycott of U.S.

BEIRUT — Iraq's Foreign Minister, Mr. Saadoun Hammadi was quoted yesterday as saying that his country favoured nationalisation of all foreign oil companies and a total boycott of the United States in support of the Arab cause.

In an interview with the English language Lebanese magazine, Monday Morning, Mr. Hammadi said Iraq would not be surprised if Palestinian commandos made good their threat to attack oil routes if the Arab states refused to mobilise their resources.

Replying to a question, Mr. Hammadi said the Iraqi Government fully supported the use of the oil weapon to promote the Arab position in the struggle with Israel, but was not prepared to use that weapon unless all the arabs agreed to its use.

"When we talk about using the oil weapon in the battle, we're talking about the use of an effective weapon, and Iraqi oil alone would not be effective," he said.

Mr. Hammadi said he told the recent conference of the Arab Economic and Social Council in Jordan that effective use of the oil weapon should be based on two factors. The first was the transfer of the ownership of the foreign companies to the national Governments, in other words the nationalisation of those companies. The second factor was the financial power represented by Arab assets in the U.S., and the boycott of the U.S. economically, politically and diplomatically, because the U.S. position was hostile to the Arab countries.

Mr. Hammadi said whether the oil weapon would be used in the battle depended on whether a consensus developed on those points.

Asked what his Government's reaction would be in the event of U.S. military intervention in the Gulf to protect U.S. interests, Mr. Hammadi said: "We can never, under any circumstances, accept the intervention of any big power, be it the U.S. or anyone else, in the affairs of the Arabian Gulf or any other part of the Arab world.

"If we see the beginning of such an intervention, we will stand against it. We will miss no opportunity to keep the super-powers as far from the borders of the Arab countries as possible, the farther the better."

Reuter

Afghan villages destroyed

BY K. K. SHARMA IN NEW DELHI

THE RUSSIANS are reported to be intensifying action against villages in all parts of Afghanistan where rebels are thought to have been harboured and which are near points where Russian convoys and troops have been attacked.

Diplomats here say that in the past 10 days at least 60 villages have been destroyed by aerial bombardment and ground attack. Thousands of inhabitants were killed or wounded. The attacks are said to be continuing.

Increased air traffic into Kabul is also reported. At least two flights an hour of heavy aircraft such as IL-76s and AN-12s are said to be arriving by day and night. They are believed to be carrying military equipment regarded as more suitable to Afghan conditions.

Heavy tanks and anti-aircraft guns initially brought in by the Russians are being withdrawn and are being replaced by heavily armed troop carriers. They can be used in hilly terrain and are not confined to roads.

The Russians are also enforcing a passport system similar to that used in their own country so that Afghans cannot move outside their places of residence without permission.

There are unconfirmed reports of the presence of East European and South Yemeni troops in Afghanistan, in addition to the 85,000 Soviet soldiers.

● India's Defence Ministry has started negotiations with the Soviet Union to acquire and manufacture the MiG-23. The deal is not expected to endanger the contract with British Aerospace for Jaguar strike aircraft.

The Indian Air Force admires the MiG's versatility and sees it as a replacement for obsolescent aircraft still in service.

Chairman Hua may lose premiership

By Tony Walker in Peking

SPECULATION about the future of Hua Guofeng, the 59-year-old chairman of the Chinese Communist Party and China's Prime Minister, is adding spice to the run-up to the National People's Congress (China's Parliament) which is expected to be held next month.

Western and Eastern bloc diplomats in Peking are confidently predicting that Chairman Hua will lose the premiership, a position he has held since Chou En-lai's death in 1976. If this were to happen, it is likely that Zhao Ziyang, now executive Vice-Premier in charge of day-to-day affairs of state, would assume the premiership.

The People's Congress could herald a major shake-up of leading state positions. Mr. Deng Xiaoping, the senior Vice-Premier, has indicated that he will relinquish his vice-premiership. Others to bow out of office may include Li Xiannian. Both Li, who is, in effect, number three in the hierarchy, and Deng would retain their party positions. Several other party veterans are also expected to give up state positions.

But there are suggestions that Hua is not entirely happy about the pressure, and may have attempted to resist it. Even now, it is by no means certain that he will give up the premiership this year.

Suzuki to take over party today

MR. ZENKO SUZUKI, the "dark horse" candidate for Japan's political leadership, will be appointed leader of the ruling Liberal Democratic Party at a caucus to be held this afternoon, Charles Smith reports from Tokyo. He will be elected Prime Minister at a session of the Diet on Thursday.

Mr. Suzuki, a former Agriculture Minister, emerged as leading candidate for the party leadership last week after various sections of the party had raised strong objections to other candidates. It seemed clear yesterday that he had been accepted as a compromise candidate by all sections of the party.

Senghor's aid to farmers may anger the towns

BY MARK WEBSTER, RECENTLY IN DAKAR

THE YOUNG Senegalese Finance Ministry official prodded the air with his forefinger to emphasise his point: "We have to achieve a real shift of resources from the urban to the rural sector," he said. "It will be painful for the city dweller but it must be done."

Just how painful remains to be seen. Observers point out that Senegal is already being squeezed by the introduction last December of a five-year IMF-backed austerity plan to deal with the country's economic crisis. If, in addition, the volatile city population is asked to make further sacrifices in favour of the rural sector, the Government must expect fierce opposition.

Murmurings of discontent have already been heard from the cities where 30 per cent of Senegal's 5.5m people live. In January, students protested at everything from government corruption to the lack of jobs for graduates. Periodic strikes in the public service and industry have shown that dissatisfaction is simmering there too.

The Government of President Leopold Senghor must therefore tread carefully when implementing its austerity package and measures in favour of the rural sector. He knows that an economy in difficulty is perfect ammunition for his increasingly troublesome opposition. The uncertainty surrounding the ageing President's own future and who will succeed him has aggravated the uncertainty.

Senegal's worst economic crisis since independence demands urgent attention. In the sprawling residential areas around the capital there is growing unrest as the ranks of the unemployed are swelled by discontented farmers coming in from the hard-pressed rural areas. Only the wealthy can still enjoy the comforts of Dakar's pleasant tree-lined streets, its excellent French restaurants and its well-stocked supermarkets.

In the sticky heat of the semi-arid interior, a bad harvest will add further to the hardships of the peasantry. Even the most optimistic official believes it will take years rather than months for the measures in favour of the rural sector to bear fruit. In the meantime, an inflation rate unofficially put at some 15 per cent a year will continue to erode the farmers' incomes.

The Government's first austerity budget, introduced two years ago, had little impact on the worsening picture. In 1978, the deficit on the overall balance of payments reached CFA 20.1bn (£41.4m) and in 1979 despite a particularly good peanut and millet crop the deficit was CFA 19bn (£39.1m).

The biggest contributory factor to the deficit was the huge imbalance on visible trade —CFA 79.8bn (£164.5m) in 1978 and CFA 50bn (£103m) in 1979. Senegal has relied increasingly on foreign aid to plug the gap and managed to attract some £104m in 1978.

But it was also forced to increase its foreign borrowings so much that debt servicing has become a heavy commitment, accounting for some 19 per cent of total export receipts in 1979.

As a gesture of goodwill towards one of the West's best allies in Africa, soma of the country's foreign backers have agreed to further substantial aid for the coming year. Exact sums have yet to be agreed but it is likely that France and the IMF will each put up around CFA 12bn, the World Bank CFA 10bn and tha European Community should offar some CFA 25bn compensation for the failed peanut crop through its Stabex facility which guarantees developing countries' export earnings.

They have been encouraged by the Government's apparent determination to force through IMF-inspired measures designed to slow domestic consumption, increase investment in the productive sectors and improve efficiency in the parastatal organisations which account for about 40 per cent of gross domestic product.

The austerity plan itself, introduced last December by M. Abdou Diouf, the Prime Minister, aimed to increase revenues by 12.5 per cent annually, limit increases in Government spending, severely restrict credit to the Treasury, increase the tax on imports from 5 to 10 per cent and abolish export duties for all goods except the two major export commodities—peanuts and phosphates.

But in the longer term, the Government has to put new lifa into the productive sectors, especially agriculture which still accounts for around 60 per cent of total export earnings. To achieve that, measures were introduced to put more money into the farmers' pockets and tha administration promised to reform the corrupt and inefficient stata marketing organisation, ONCAD.

In April this year, the Prime Minister announced a rise in producer prices, a five-year moratorium on all farmers' debts, and increase in available inputs such as fertilisers and free food during the lean season. ONCAD has meanwhila lost a number of its functions to other Government bodies and a new chief executive has been appointed from the private sector.

But the reforms have come too late to help this year's disastrous crop. Only 420,000 tonnes of peanuts had been delivered to the presses by May 1 (half last year's total), the millet harvest is expected to be under 500,000 tonnes compared with last year's record 800,000 tonnes; rice production may be down 20,000 tonnes to 120,000 tonnes and cotton may decrease 29 per cent on last year to around 25,000 tonnes.

The bad harvest is going to make it even more difficult for the Government to impose its new measures in full rigour. In Senegal's tense political climate, the opposition, both legal and illagal, is unlikely to let such a good chance slip for stirring anti-Government feeling.

Resentment has been building on Senegal's political scene since the Fabruary 1978 elections when President Senghor decided on a limited three-party democratic system. He belatedly allowed the creation of a fourth party but his critics attacked the political divisions as artificial, some said arbitrary.

The Presidant has consistently refused to recognise what many observers believe is potentially the most powerful of the illegal opposition groups—the National Democratic Rally led by Cheikh Anta Diop. Anta Diop's supporters say the party is left out in the cold because it represents a genuine threat to President Senghor's Socialist Party which holds 83 of the 100 seats in the National Assembly.

To add to the political tension, there is still a question-mark over President Senghor's future. He has hinted that he might step down before his present term of office ends in March 1983 and allow Abdou Diouf, the Prime Minister, to take over. But that may well depend on how successful the reforms are.

Australia's pay commission grants 4.2% rise

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S Abritration Commission yesterday granted the country's 6m wage and salary earners a pay rise of 4.2 per cent.

This is a rise of A$10.50 (£5.13) a week for workers on the current average earnings of A$250.

The rise will apply to 300,000 metal workers in spite of their campaign for a 35-hour working week. Earlier the campaign to shorten the working week by five hours caused the Arbitration Commission to suspend hearings into the national pay case and threaten to exclude the metal workers from any rise.

Representatives of the employers, the Government and the Australian Council of Trade Unions agreed at a specially convened session of the commission on Thursday that exclusion of the metal trades would lead to industrial disruption.

It would also virtually end the centralised wage fixing system operated over the past five years. Under this system the Arbitration Commission decides twice a year on a rise for workers in view of factors such as the rise in the consumer price index.

Neither employers nor unions want a return at this stage to uncontrolled collective bargaining.

Sir John Moore, president of the Arbitration Commission, said the campaign to shorten working hours caused the commission "particular concern." Another conference would be called later to examine the issue.

The 4.2 per cent rise announced yesterday was less than rises being granted in many industries. Both Government and employers hava criticised these rises as likely to give further impetus to inflation which is running at 10.5 per cent and to unemployment, the present level of which is 6 per cent.

Reuter adds: Mr. John Howard, the Federal Treasurer, said yesterday that the favourable outlook for the Australian economy shown by recent indicators should not encourage complacency. It underlined the need for continued restraint.

Mr. Howard added that the indicators demonstrated the fundamental strength of the economy and showed it was performing better than a year ago.

He is to present the 1980-81 budget on August 19.

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Republican convention circus comes to town

OVER 20,000 people—4,000 delegates and alternates, as many as 15,000 media persons, and a couple of thousand more groupies and hangers-on—have descended on the large riverside conference centre that is meant to help Detroit in its drive for "renaissance" from urban decay.

The delegates' programme is studded with social events ranging from the 7.55 am prayer breakfast that opened yesterday's happenings to pool parties, boating and riverfront wioe and cheese festivals.

Those who wanted to pay $1,000 for a meal on Sunday night could go to a "With one voice" unity dinner. The less opulent were provided with an open-air concert by ao ageing Pat Boone (Frank Sinatra does not arrive until later in the week), followed by a magnificent fireworks display over the Detroit River.

But with so little suspense actually involved in the convention, apart from the selection of a running mate for Mr. Ronald Reagan, the whole convention is the quintessential media event. This creates its own inherent dilemma. Gavel-to-gavel coverage on two of the three major television networks (the third, ABC, has more limited, but still extensive air time) of predictable and pre-ordained events could well send the nation's television watchers in search of alternative entertainment.

As the New York Times put it, the convention has been "certified as safe for cardiac patients, unless they hold decidedly liberal opinions, or are conservatives excited by the triumph of one of their own."

Nevertheless the three networks are here in regimental strength. CBS, NBC and ABC have all sent up to 1,000 staff to Detroit. Each is equipped with a small fleet of golf cars to ferry cameras and anchormen around. Each has invested several million dollars in the exercise. Each, true to convention form, is holding parties for the luminaries and delegates.

The main lobby of the luxurious Detroit Plaza Hotel is bright with klieg lights and wall-to-wall with the curious, most more intent on swooning over the likes of Walter Cronkite and Barbara Walters than over the Republican faithful themselves. As the networks earnestly explain it, this is one of the rather rare occasions when television can fulfil a public service — "A great national civics lesson," as Mr. Cronkite, doyen of the anchormen, has to say.

Television is, indeed, often criticised for trivialising the American electoral process, concentrating too much on the horse-race aspect of the Presidential contest and not enough on full discussion of the issues involved. At least, with little drama around to captivate the attention, they have little excuse this week for not addressing the issues in exhaustive detail.

Not everyone is happy with the arrangements. The delegates are spread over a radius of about 120 miles, from as far south as Toledo in Ohio to beyond Windsor, Ontario, in the north-east, meaning that many of them have to commute from Canada.

A pre-convention poll last week suggested that four out of five delegates would prefer to be meeting somewhere else. The city, founded by the French soldier-of-fortune, Antoine Laumet de Lamothe Cadillac in 1701, and subsequently expanded by Gov. Cass, who wheedled large chunks of land from the Indians, is now battling, with some success, against a severe case of the social and economic decline that has hit so many of the U.S.'s major cities.

It remains, as its brochure proudly points out, the potato-chip manufacturing capital of the world, not to mention automobiles, and the 747-feet tall Plaza is said to be the world's highest hotel.

The Plaza is the centre-piece of the massive Renaissance Center, which looks like a huge cluster of glass walled grain silos, said to be the biggest-ever privately financed project in a city centre. Conceived as a spectacular bid to reverse stagnation and decline, some of the city's inhabitants feel that it also points up the extent of that decline by creating a "two cities" image.

Efforts to show delegates the "second city" at the weekend did not, however, prove outstandingly successful. Only a dozen or so turned up for a tour organised by the Acorn civic activist group — although the media was, predictably, there in strength, including three representatives of the BBC.

But it is not only the Republicans who are having fun. At nearby Flint, the university students have been holding a Ronald Reagan retrospective film festival, showing gems from the candidate's days as an actor in grade B movies.

Titles include "Bedtime with Bonzo"—Bonzo is a chimpanzee to which a psychologist, played by Reagan, tries to impart human intelligence — and "Accidents Will Happen," in which we find the candidate as a down-on-his-luck insurance claims assessor. The students nominated Bonzo as the only running mate who could understand the complexities of Mr. Reagan's policies.

Lines from the films that provoked howls of delight from the audience included one from an angry wife to the actor Reagan: "You are still the chump you always were." When Reagan finally punched the villain on the jaw, the auditorium rang to happy shouts of "Nuke him, nuke him."

Detroit reckons that the convention will bring as much as $35m to the city's businesses. A fair amount of this will inevitably be spent on food and drink—though, for some reason, the city decided not to extend the present 2 am closing time, and the Republicans are allowing no liquor to be sold at the convention site itself. (Across the river in Widsor, the Canadians have a perhaps erroneous idea of the staying power of Republican delegates, and are keeping the bars open to 3.30 am).

The prize for the worst puns ever recorded in the history of American menus almost certainly goes to one of the restaurants in the Plaza, whose fare is presented under the following headlines: "Ghoul lush," "for Pita'a Sake," "Lettuce Entertain You," and, for drink, "Wine Not?" If that were not enough to turn the stomach, the bar inside the restaurant slowly revolves in the middle of a small moat, provoking a queasy feeling before the drinks have even arrived.

A volunteer worker (right) stacks some of the thousands of Ronald Reagan placards that will be waved during this week's Republican national convention in Detroit.

Tone set by attack on Carter's policies

THE 1980 Republican Convention opened here yesterday with a blistering attack on President Jimmy Carter by Senator Richard Lugar of Indiana, one of the main contenders for the party's vice-presidential nomination. Reginald Dales and Jurek Martin report from Detroit.

As the party faithful began a week of pomp and junketing that will climax with the nomination of Ronald Reagan as presidential candidate, Senator Lugar pounded out a theme that is likely to dominate both the convention and the Republican campaign in the months ahead.

President Carter, Senator Lugar said, had failed in the worst way a President could—he had increased the possibility of war. "Jimmy Carter's policies of retreat, defeatism and intentional recession are not merely unfortunate — they are immoral," he said.

Mr. Reagan on the other hand, understood that only dramatic growth could pay the bills for American rearmament, and only effective military power could guarantee the resources and conditions in which that growth could flourish, the Senator said.

Mr. Reagan understood that Soviet imperialism was the major threat to peace, that the threat did not begin with the invasion of Afghanistan nor end when the invasion was forgotten, that the strains on NATO, the risk of conflict in the Gulf, the deadlock of the Camp David Middle East peace process and the subversion of countless Third World countries, were all traceable to "the expansionist militarism of the Soviets and their proxies."

Underlining the Republican theme of the President's incompetence, Senator Lugar said Mr. Carter loved to run for office, but found himself "in way over his head now that he is there." In less than four years he has "nearly blown the prospects for lasting peace.

"America has been held hostage because Jimmy Carter has been weak and ineffective. Our enemies have grown bolder as they taunt us. Our friends have been dismayed in their sadness for us," he said.

Senator Lugar is one of half-a-dozen contenders who have been lobbying hard to be Mr. Reagan's running mate. Though little known nationally, he is considered to be an up-and-coming figure

Reagan adviser linked to fugitive financier

BY JUREK MARTIN AND REGINALD DALE IN DETROIT

THE LONG arm of Mr. Robert Vesco, the American financier who is a fugitive from justice, has reached into Mr. Ronald Reagan's inner circle with revelations of close connections between Mr. Vesco and Mr. Richard Allen, the Republican candidate's chief foreign policy adviser.

Several U.S. publications, including the Wall Street Journal, the New York Times and Mother Jones, the radical California magazine, reported yesterday that Mr. Allen had set up a meeting in 1972 between Mr. Vesco's lawyer and Mr. William Casey, then chairman of the Securities and Exchange Commission and now running Mr. Reagan's campaign. At the time the SEC was investigating charges that Mr. Vesco had defrauded Investors Overseas Services Ltd.

Mr. Allen, freely tipped to become National Security Adviser in any Reagan administration, has admitted arranging the meeting but said he had no knowledge of Mr. Vesco's problems with the SEC. The agency shortly afterwards filed suit against Mr. Vesco, the pursuit of which prompted his flight from the U.S. first to Central America and now to the Bahamas. Mr. Allen added that he had apologised to Mr. Casey for having set up the meeting.

Mr. Allen also conceded that he was paid $60,000 for a six-month stint as a consultant to Mr. Vesco, starting in August 1972 on the day after he had resigned from President Nixon's White House staff.

Administration records show that Mr. Allen continued to appear on the White House books as a consultant on "special projects" until the summer of 1973, but he denied receiving any money from the Government during that period.

Both the Wall Street Journal and Mother Jones also reported that while on the White House staff Mr. Allen travelled to Europe in Mr. Vesco's private aircraft and that later, in 1976, he had written to Dr. Henry Kissinger, then Secretary of State, on Mr. Vesco's behalf, urging U.S. support for independence for the Azores, where Mr. Vesco wanted to see an offshore financial centre established.

Mr. Allen told the Wall Street Journal he may have made some misjudgments in his dealings with Mr. Vesco but said: "I didn't know who Vesco was, I didn't know very much and I take responsibility for not knowing very much.

Nader group criticises U.S. nuclear safety

BY DAVID BUCHAN IN WASHINGTON

MORE THAN 2,000 operating mistakes, mechanical failures, technical violations and design defects were reported to the Government last year by the U.S.'s private nuclear industry, according to a list compiled by an energy group affiliated to Mr. Ralph Nader, the consumer advocate.

But officials at the Nuclear Regulatory Commission, which analyses such reports, rejected the implication of Critical Mass, the Nader energy group, that the industry was headed for another serious accident such as happened at Three Mile Island in March 1979.

"What counts is the nature of what happened and not necessarily how many times it happened," a senior official of the NRC said.

However, the Nader study said the number of reported problems—human and mechanical errors—averaged 34 for each of the country's 68 operating nuclear power reactors.

Highest on this list were the North Anna plants in Virginia, the Besse Davis plant in Ohio, and one Crystal River reactor in Florida, and North Carolina's two Brunswick reactors.

Meanwhile, a necessary first step to eventually cleaning up the radioactive contaminated Three Mile Island plant has now been completed, as operators last week finished releasing krypton gas into the atmosphere from the plant.

The NRC said residents surrounding the plant had been exposed to only 4 per cent of the officially permissible level of radiation from the krypton gas released, and many local residents who temporarily left their homes, have now returned.

Du Pont issues patents writ in London

By Carla Rapoport in New York

DU PONT has issued a writ in London which alleges that Teijin, a Japanese fibre producer, has infringed on the company's patent for texturing polyester yarn. The action is the latest in a series of patent suits the company has initiated around the world during the past year.

Du Pont alleges that Teijin has violated its patent in the UK by offering textured polyester yarn, produced in Japan, to UK markets.

While declining to comment on its shipments of the product to the UK, the company says that the world-wide sales of textured polyester yarn this year will be worth more than £1bn.

A similar suit had been taken against ICI last year and is still pending.

On Friday, Du Pont hrought a suit against Toyobo, another Japanese fibre prodncer, for alleged infringements of its patent in Japan for Spandex, which it sells under the brand name of Lycra.

The company is awaiting results on three patent cases for its textured polyester yarn in West Germany, the Netherlands and Norway where other fibre companies have contested Du Pont's patent. Patent offices in the Netherlands and Norway decided in the company's favour but the cases have been appealed. The West German case is yet to be resolved.

Du Pont has also taken out suits against three subsidiaries of the Akzo gronp for alleged infringement of its patent for Kevlar, its trademark for Aramid, a type of polyaminde.

The suits were taken out in the UK against Enka NV, the Dutch subsidiary of Akzo, and Enka AG, the West German spin-off. In France, the company has taken action against Enka SA, the French subsidiary.

The company says these actions on patent infringement are not part of a campaign, but that it is merely looking closely at its patent positions world-wide.

ECGD backs Bahrain loan

Financial Times Reporter

THE Export Credits Guarantee Department (ECGD) has guaranteed the repayment and funding of a $22m (£9.6m) project line of credit which Midland Bank has made available to Aluminium Bahrain (ALBA).

The loan is to help finance contracts awarded by ALBA to UK exporters for the supply of equipment to expand a Bahrain smelter plant. The main contract to be financed under the loan has been placed with John Brown Engineering Gas Turbines.

Indonesia LNG seen as top export

BY RICHARD COWPER IN JAKARTA

LIQUEFIED natural gas could become Indonesia's new export star, ultimately overtaking oil as the country's most important hydrocarbon resource in terms of both feedstock for domestic industry and export earnings, according to a U.S. Embassy report on the country's petroleum sector.

LNG revenues topped the $1bn (£430m) mark last year and Indonesia, already the world's second largest LNG producer, is currently planning to at least double present production of over 7.7m metric tonnes a year by 1984-85.

At the same time, says the report, the mid-term outlook for Indonesia's petroleum sector is the hrightest since 1975, when the country's state-owned oil company, Pertamina, hrought the nation to the brink of bankruptcy with dehts of over $10bn. The report, which deals with the principal oil and LNG exporting countries east of the Persian Gulf, says that a strongly-based acceleration in exploration activity in the laat two years now provides the hope that oil production may soon start to increase again reversing over two years of decline. It forecast that gross foreign exchange earnings from crude, LNG and oil products will rise from $10.8bn in 1979-1980 to $16bn next year—an increasa of over 48 per cent.

Although Indonesia's oil production declined from 1.7m b/d in 1977 to 1.56m b/d for the first half of this year there are now indications that sufficieot new production may come on stream in 1980-81 to stabilise output and perhaps increase it.

Although crude oil exports in 1979 totalled aronnd 410m barrels, a 12 per cent decline from 1978 levels, the large crude price increases of last year have hred an increase in grosa foreign exchange earnings from both oil and LNG, which together rose from $6.9hn in 1978-79 to $10.8bn in 1979-80.

While Japan and the U.S. remain the main customers for Indoneaian crude, Pertamina—which is responsihle for around 40 per cent of total exports—is directing its own exports increasingly to the Japanese, a trend which is expected to continue into the future. At the same time the energy-hungry Japanese already huy all of Iodonesia's LNG and are looking to take ss much of the planned production iocrease as Indonesia will allow.

A member of OPEC since 1962, Indonesia did not participste in the 1973-74 oil embargo and ia generally regarded to be a moderate within the organisation.

The one cloud on the horizon, however, says the report is that Indonesia's growing domestic oit consumption could theoretically take all of Indonesia's oil production some time in the 1990s. With domestic demand at around 400,000 b/d and expected to rise at around 10 per ceot a year the long-term outlook for oil exports, unlike that of LNG, looks gloomy.

Nott urges more UK investment in Nigeria

BY MAURICE SAMUELSON

BRITAIN IS in danger of letting her position as Nigeria's foremost trading partner "slip away" unless British businessmen are more aggressive and step up direct investments there, regardless of political risk, Mr. John Nott, Trade Secretary, said in London yesterday.

Reporting on a week's official visit to Nigeria, he said that, at every meeting with Nigerians, he had been told of the wish to see British husinesses invest directly in local manufacturinug industry. The Japanase and Germans were already very active in this sphere, and Britain should not let its position slip away, he said.

Mr. Nott issued his warning even though British exports to Nigeria this year are set to exceed £1bn, the level they had reached before last year's economic crisia in Nigeria, when they dropped to less than £640m.

During his visit he was personally affected by the foreign competition Britain faces: one reason why President Shagart was unable to meet him was that he was husy opeoing a Mercedes assembly plant at Enugu.

The question of Nigeria's nationalisation of British Petroleum's assets did not loom large in his talks, Mr. Nott added. However, he had gathered that Nigeria wisbed to settle the issue, even though it would not alter its hasic position.

On the boycott of British businesses in protest at the handling of the Rhodesia question, Mr. Nott said he was satisfied that this hoycott had not been implemented since the end of last year.

Fall in U.S. newsprint demand

By William Hall

THE GROWING recession in North America is starting to hit the newsprint industry. U.S. consumption in May has fallen for the second month running and U.S. inventories are 25 per cent above their level of this time last year and are at their highest in 19 months.

Part of the reason for the sharp rise in inventories reflects unease about strikes at Canadian mills which supply the bulk of the U.S. market. However, consumption in the U.S., which haa been steadily rising since 1975, has also started to decline.

According to the latest statistics from the Canadian Pulp and Paper Association, U.S. newsprint consumption (equivalent to two-fifths of total world demand) fell by 2.7 per cent to 862,000 tonnes in May. This follows a 4.5 per cent drop in the previous month. U.S. consumers now have 44 days supply of newsprint in stock compared with a low point of 30 days, last October.

However, output from Canadian mills rose by 6 per cent in May and for the first five months of the year is up by 5.3 per cent. The mills are running at 100 per cent capacity in an effort to build up stocks ahead of the strikes.

Canada plan to limit takeovers

By Victor Mackie in Ottawa

THE CANADIAN Government plans to provide loan guarantees up to a value of C$100m (£37m) to assist Canadian companies in fighting foreign takeovers.

Mr. Herts Gray, Minister of Industry, Trade and Commerce, said the planned mechanism woutd also be used to help Canadian corporations buy foreign-controlled companies.

Mr. Gray said the loan guarantees would be part of his programme to support Ottawa's Foreign Investment Review Agency (FIRA).

The Canadian Government recently approved C$200m of loan guarantees to help Chrysler Canada cope with its financial difficulties. Mr. Gray's proposed new guarantees would he part of legislation he is preparing to introduce into Parliament this autumn. He hopes the changes will he in effect next year.

Another change would require puhlic notice of all large take-over bids hy foreign-controlled companies. This would provide an opportunity for interested Cansdian companies to make competing hids. Take-overs total ahout 400 a year.

U.S. abandons duties on subsidised Italian steel imports

BY DAVID BUCHAN IN WASHINGTON

THE U.S. International Trade Commission has decided to drop contervailing duties imposed on certain Italian steel imports, found to be subsidised following a complaint filed by U.S. Steel some 10 years ago.

The decision is one of the first practical effects of the new 1980 U.S. trade law, in which the U.S. joined its partner countries in the GATT negotiations by requiring that a domestic industry must show it has heen injured by subsidised imports, before countervailing duties can be imposed.

But the move hss no relation to the anti-dumping suit hrought hy U.S. Steel against steelmakers from seven European countries this spring. Italian companies are among those cited in the case, which is still being examined hy U.S. Government agencies to determine whether or not the Europeans have "dumped"—sold below home market price or production cost—steel in the U.S.

When countervailing duties were imposed on Italian steel products, including transmission towers for electric cahles, the U.S. did not need to prove tts domestic industry was being hurt by these imports.

But following this year's change in U.S. trade law, Italy requested a formal finding that U.S. industry was being damaged, if the duties were to be continued. With enough on its legal plate in the present anti-dumping suit, U.S. Steel, the country's largest steelmaker, decided not to argue the injury issue with the Italians.

Instead, it recommended the ITC, a quasi independent panel thst rules on trade issues, to drop the duties.

Pasargad in Algeria deal

PASARGAD International, a London-based company that manufactures school lahoratory equipment, has won a contract to supply equipment to some 100 schools in Algeria. The schools are located in Algiers, Oran and Constantine, and all the equipment will be manufactured in Britain.

The company declined to reveal the value of the sales contract hut Mr. Kamran Irani, Pasargad's managing director, said the deal was worth more than £100,000.

India plan to double shipping fleet size

BY DAVID DODWELL

INDIA PLANS to double its shipping fleet over the next five years, adding around 9m dwt to its capacity at an estimated cost nf $3bn (£1.28bn).

Mr. A. P. Sharma, India's recently-appointed Shipping and Transport Minister, disclosed this while in the UK to launch two ships bought by the Indian Government under Britain's aid programme. He said his ministry plans to spend $345m this year alone on new shipping capacity.

During the country's sixth five-year plan period, from 1980-85 the Government plans to spend a further $2.65bn, increasing the present fleet of 375 ships from a capacity of 9m dwt to 18m dwt. India already has the world'a 12th largest merchant fleet.

Mr. Sharma visited the Sunderland Shipbuilders' shipyard over the weekend to launch two cargo vessels hought by the Shipping Corporation of India as part of a £53m contract signed in March, 1978 under Britain'a overseas aid programme.

The total contract involved six 16,500 dwt cargo vessels of which only one now remains to he delivered. Thia should he complete by Jannary next year.

The Shipping Corporation of India, the country's major puhlic sector shipping enterprise, owns 52 per cent of the Indian merchant fleet, a total of 144 ships at 4.9m dwt. As part of the country's fleet expansion programme, it intenda to increase its capacity to 10m dwt by 1985.

Austria, China join in marine crane deal

BY COLINA MACDOUGALL

LIEBHERR-WERK NENZING of Austria has signed a contract with the China Corporation of Shipbuilding Industry for the joint production of marine cranes, according to the nfficial Chinese Xinhua news agency. Value of the contract was not disclosed.

The deal corresponds with Peking's strategy to bring Western products and know-how to China while halancing trade and avoiding heavy repayments. It follows the £255m harter deal for trucks and machinery between Volvn and the South China province of Guangdong announced last week.

In the Liebherr-Werk Nenzing deal, five kinds of marine cranes will be jointly produced, starting towards the end of the year. The work will be carried out at the Nanjing Marine Auxiliary Works, which is run by the Chinese Corporation.

Beginning next year, part of the ontput will be sold hack to the plant in Austria, which will provide technical know-how and spare parts for crane production at prefarential prices.

When the contract expires after four years, if the conditions are right, the Nanjing Marine Auxiliary Works may he turned into a joint equity venture. If not, joint production will continue.

In talks over another possihle deal, a delegation from the Renault Indnstriel Vehicules of France, at present in China, discussed bilateral economic snd technical co-operation at the weekend with Mr. Gu Mu, the Vice-Premier. Mr. Gu is Minister in Charge of the Commissions for Capital Construction, Foreign Investments, and Foreign Trade.

No controls on import of Japanese cars

BY JOHN GRIFFITHS

CONTROLS on the import of Japanese cars tothe UK were ruled out in the Commons yesterday by Mr. John Nott, Trade Secretary.

At the same time, it became clear that Japanese car sales so far this month are running well above the "prudent" marketing level of about 11 per cent agreed between the Society of Motor Manufacturers and Traders and its Japanese counterpart JAMA.

Japanese sales in July's first 11-days were just under 18 per cent, with about 11 per cent taken by Datsun alone.

However, July is traditionally a very poor sales month, with many buyers postponing purchases until the "W" registration in August. Last July, for example, sales were only 52,232, the lowest for 10 years despite the fact that 1979 as a whole was a record with 1.7m units sold.

A high Japanese percentage share this month will not necessarily have a major impact on the figures for the full year. Nevertheless, the Japanese room for manoeuvre within the "prudent" level is decreasing.

For the first half of the year the Japanese kept within the 11 per cent level. Their 10.6 per cent sales share was achieved because of lower than normal market shares at the start of the year, but the level has been steadily climbing, and for June as a whole their share was about 12½ per cent.

Meanwhile BL, after its worst ever sales month in June—with under 14 per cent of the market—has climbed back to 17.7 per cent in the first 11 days of July following the launch at the start of the month of the Marina replacement, the Ital.

Ford's share at the moment is only 22 per cent—13 per cent down on last month. But this is accounted for by the end of a dealer incentive scheme, and start-of-month distortions and Ford will almost certainly finish the month close to their 33 per cent market share for the year overall.

Court limits Gaming Board powers

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Gaming Board's powers were restricted by a High Court judgment yesterday.

Mr. Justice Mustill held that the Gaming Act did not give the Board a general power to control the gaming industry's conduct but only to keep it under review.

The judge said the Board's concern with benefit derived by the previous owners of the former Victoria Sporting Club casino, from its sale to the Playboy Club of London, did not justify the Board's delay in dealing with Playboy's application for a consent certificate for gaming at the casino.

He ruled that the Board must consider the application without waiting for the outcome of Playboy's appeal against cancellation of the existing gaming licence and the three-year disqualification of the premises from use as a casino.

Playboy needs a certificate from the Board before it can apply for a gaming licence for the casino.

The judge said the premises had been raided by the police in December, 1978. Criminal charges were pending against the then owners and there was a police application to cancel the casino's licence.

Playboy had bought the casino company in October last year and applied for a consent certificate. The Board refused to deal with the application until the licensing proceedings had been completed.

The judge said the Board was not disputing that Playboy was fit to operate the casino. But, it argued that the sale of the casino had been the sort of transaction the courts should discourage. It enabled the former owners to escape the loss that would otherwise have resulted from the casino's closure.

If Playboy had bought a casino company with no casino, it had done so with its eyes open, said the Board. The Board also contended that if it issued a certificate at this stage it would give the impression it condoned conduct which, in fact, it deprecated.

The judge said the Board's evidence showed it had a firm opinion of the way gaming should be conducted. It recognised that the Gaming Act did not give it the power to put that opinion into practice directly. It decided to do so indirectly by holding up the consent application.

Even if that opinion were well-founded, it did not justify deferring the application, said the judge. Any profit the previous owners were likly to make had by now been assured. The only effect of blocking the application would be that Playboy would lose money.

The Board said it had an over-riding power and duty to take steps which led to the better conduct of the gaming industry.

The judge disagreed. Its power was to keep the industry under review, he said.

The reality was that the Board wished delay to achieve what in practice was the same result as refusing a certificate, for motives which would not justify a refusal. That went far beyond matters the Board could properly take into account.

The sale transaction was not relevant to the Board's strictly limited inquiry into whether an applicant was capable of securing compliance with gaming law and regulations, said the judge.

Chloride to cut 500 jobs after sharp fall in profit

BY RHYS DAVID

CHLORIDE, the battery group, is to cut the number of jobs at its Clifton, Greater Manchester, plant by 500 in the next 18 months because of falling demand.

A further 400 jobs will also be lost in the next four years, bringing the total employed to about 1,600. Last December, some 300 jobs were lost at Clifton.

The group, which announced a fall in profits from £29m to £18.7m for the year to the end of March, is bringing forward its planned reorganisation of battery production at its two main sites — Manchester and Dagenham.

Production of automotive batteries at Clifton will be transferred to Dagenham, and after modernisation, the Manchester plant will concentrate on motive-power batteries for fork-lift trucks and milk floats, standby power and defence batteries.

Chloride's decision to advance its reorganisation — originally planed for the mid-1980s—is another result of UK vehicle manufacturers' falling share of the home market.

The company said the demand for automotive batteries collapsed during what are normally peak months in the UK and the U.S.

The motive-power battery market, upon which the Clifton plant will concentrate in future, is also depressed but Chloride is hopeful that, with new developments, batteries will provide a source of power for a wider range of vehicles.

● A slump in the sales domestic electric appliances has forced Hotpoint, a subsidiary of the General Electric Company, to make 150 of its 1,500 Peterborough workers redundant.

Workers at the Peterborough factory, which makes refrigerators, freezers and tumble driers, are already on a three-day week as are most of Hotpoint's other plants at Llandudno, North Wales and Swinton.

The domestic appliance industry has been hit by falling sales since the beginning of the year.

At the end of May, the Association of Manufacturers of Domestic Electrical Appliances reported that March deliveries to trade had fallen by a third and that overall deliveries were 15 per cent down for the first quarter of this year.

Other manufacturers have also been hit. Thorn Domestic Appliances has introduced short-time working and Burco Dean recently made 300 redundant.

Institutional investors back £8m film group

By Arthur Sandles

AN £8m film financing partnership has been established by Pearson Longman and Electra Investment Trust with backing from several institutions, including National Coal Board Pension Funds. The partnership, Goldcrest Films International, hopes to invest in up to eight films a year.

The move comes soon after the Rank Organisation pulled out of film-making after heavy losses. However, the new group will be looking to invest not only in making films for the cinema, but also in pay-television productions and such developments as Britain's fourth television channel.

The partnership brings substantial expansion to a joint operation between Pearson Longman and Electra Finance Company in Goldcrest Films, which itself sprang from the co-operation of Pearson Longman, Electra House, Lazards and Mr. J. D. Eberts is financing a film of Watership Down.

Pearson Longman and Electra remain the main investors in the new group, having put up a little more than half of the commitment. Pearson Longman itself will have around 40 per cent.

The new group will avoid putting more than 20 per cent of its capital into any one production, and will not back any single film to a level beyond 50 per cent. However, most of the investment is likely to be in alliance with an American group, International Film Investors; and the joint backing of GFI and IFI in any picture could be substantial.

IFI itself has equity capital of some $10m and the power to borrow a further $30m from the U.S. Small Business Administration. The combined financial muscle of the two, at nearly $60m, is considerable.

In addition to the National Coal Board Pension Funds, other partners will include investment trusts managed by Murray Johnstone, J. Henry Schroder Wagg and Noble Grossart.

At the moment, IFI and GFI have commitments for pre-production or production financing of 17 pictures. The two groups have an agreement whereby each has the right to investment in any of the other's productions. Both are involved in the filming of Richard Adams' book, the Plague Dogs, with a budget of $4.7m.

Mr. Lee said last night that the institutional investors accepted that film-making was a high-risk business.

Comprehensives match the grammar schools

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A REPORT published yesterday by the National Children's Bureau says that comprehensive school children's reading and mathematics standards at the age of 16 are neither worse nor better than those of 16-year-olds from the grammar and secondary modern schools in the "selective" system.

The report is based on a survey made in 1974 of 16,000 children whose progress has been studied by the bureau since they were born, all in the same week in 1958.

The more academically able pupils at comprehensive schools are as literate and numerate as their counterparts at selective schools. The less academically able, however, do no better at comprehensives than equivalent pupils at secondary moderns.

In 1974 53 per cent of grammar school children were from middle-class families. This compares with 27 per cent for secondary moderns, and 26 per cent for comprehensives.

The bureau points out that at the time of the survey fewer than half of the country's secondary school pupils were at comprehensives. The proportion has since risen to 80 per cent.

The report suggests that broader provision for sixth-form studies in comprehensives may encourage more children to continue in education instead of leaving at 16. Another suggestion is that comprehensives should encourage working-class children to seek clerical jobs.

Truancy is higher among the 16-year-olds at comprehensives than among those at grammar or secondary modern schools, although there is little to suggest that this is caused by dislike of school.

● Dorset education committee yesterday recommended an end to the supply of meals for primary school children. The proposal, affecting 180 schools, will go before the full council on July 24. The move is likely to be followed by other local education committees

Insurance brokers may suggest change to Fisher report

BY JOHN MOORE

LLOYD'S INSURANCE brokers may recommend to its 16-strong ruling committee that a proposal in Sir Henry Fisher's report into self-regulation at Lloyd's should be substantially changed.

Sir Henry and a working party recommended that over five years the shareholding links between Lloyd's insurance brokers and managing agencies, the groups which look after the affairs of underwriting syndicates, should be severed. They felt it would avoid abuses because of conflicts of interest.

The suggestion is unpopular within the market because underwriting activities provide a significant part of many brokers' revenue.

The Lloyd's Insurance Brokers' Committee, part of the British Insurance Brokers Association, has formed a sub-committee to study all the Fisher recommendations.

The sub-committee, chaired by Mr. Douglas Lyon, of Jardine Matheson Insurance Brokers, consists of representatives from Sedgwick Group, the UK's largest insurance broker, Willis Faber, Hartley Cooper, Alexander Howden, Stewart Wrightson, J. H. Minet and Hogg Robinson. It has held a preliminary meeting and will be reporting back to the Lloyd's Insurance Brokers Committee on July 24.

Many brokers feel that a total divestment of broking and underwriting interests is not necessary to avoid the potential areas of conflicting interests. They say separation can be achieved internally rather than by complete financial separation.

A minority report on this issue, contained within the Fisher report, is being studied by brokers. This minority view proposes measures to reduce the likelihood of interference by controlling brokers in the affairs of managing agencies and improved investigatory and disciplinary procedures for the detection and punishment of abuses. This report does not recommend complete divestment.

But, six of the seven-man Fisher working party say "no proposal short of complete divorce" of broking and underwriting interests, "is sufficiently watertight to reassure the public" and the members of Lloyd's.

More aid urged for computer industry

BY GUY DE JONQUIERES

A GROUP of leading British computer companies yesterday launched a campaign for more Government support to help them resist competition from U.S. and Japanese manufacturers.

The 17 companies, which include International Computers (ICL), the General Electric Company (GEC) and Ferranti, have formed an association called the United Kingdom Information Technology Organisation (UKITO) to argue their case to the Government and the public.

Mr. Harry Johnson, chairman of UKITO and sales director of Ferranti Computers, said he had written to the Prime Minister urging that the Inland Revenue's impending order for a £150m computer system should be placed with British suppliers.

A Cabinet committee is due to meet this week to discuss whether the order should be awarded automatically to ICL and other UK manufacturers, or whether big U.S. companies should also be allowed to enter the bidding.

Mr. Johnson said it was widely, though wrongly, believed abroad that the order was "rigged" in favour of British companies. Their failure to win it would be seen as a humiliating vote of no confidence in their products which would seriously damage their export prospects.

UKITO, whose membership is limited to British-owned and controlled companies, has published a five-point programme calling for more effective measures by the Government to support the industry.

It asks the Government and other public sector purchasers to identify up to five years in advance the types of computer applications they will need and to help fund research and development programmes to ensure that suitable products are available when required.

The industry should be encouraged to run pilot demonstrations of new products. If it was unable to offer a suitable product by the time a public tender was due, the possibility of delaying the tender should be considered.

The proposed support programme should be administered by the Industry Department in conjunction with the Central Computer and Telecommunications Agency.

Electricity industry unification rejected

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE GOVERNMENT yesterday announced plans to improve co-operation in the electricity supply industry in England and Wales, but rejected a major change in its structure.

The industry in England and Wales consists of the Central Electricity Generating Board, responsible for the bulk supply of power, 12 area boards which handle retail sales, and the Electricity Council, an umbrella organisation for the whole sector with largely advisory powers.

The Government's move ends five years of uncertainty after the 1976 Plowden Committee report which said the industry lacked strategic control and should be unified under a single statutory body similar to the Electricity Council.

But Mr. David Howell, the Energy Secretary, said yesterday he had not been persuaded that any benefits from unification would outweigh the risk of over-centralisation.

Instead, he intended to use existing legislation to strengthen the advisory role of the Council and its chairman, Sir Francis Tombs, whom he regarded as his main policy adviser within the industry.

Mr. Howell said the industry had agreed on a six-point plan to improve co-operation. Among other things, the boards will give more information to the Council on their tariff proposals and capital programmes and will co-operate with it in the development of an improved financial reporting system.

The Council is to advise the Government on the development of new performance indicators for the industry and will head a review of the structure of the bulk supply tariff.

Some of these changes reflect complaints among the area boards that the CEGB is too secretive in its operations and provides too little information about the assumptions behind the bulk supply tariff.

The Government's statement is, however, a setback for Sir Francis, who had wanted to turn the Council into a strong central body on Plowden lines. The CEGB had been anxious to prevent this.

The Government believes that unification would offer no particular benefits to consumers and that the present diversity could be of value.

Mr. Howell's announcement was strongly criticised by Mr. John Lyons, secretary of the Employees National Committee, the co-ordinating body for the industry's main unions. In a letter to the Minister he expressed deep regret that the Government had not legislated. Mr. Howell's proposals offered "no long term benefit to the industry" and were of "little practical significance."

MP tables questions on De Beers controversy

BY CHRISTINE MOIR

THE CONTROVERSY over De Beers Consolidated Mines' acquisition of a 25 per cent stake in Consolidated Gold Fields has been taken up by Mr. Anthony Nelson, Chichester's MP.

He has tabled a series of questions for Mr. John Nott, Trade Secretary, over the matter which "does the City no credit," Mr. Nelson said yesterday.

He is to ask Mr. Nott whether he is happy with the legislation covering disclosure of share stakes over 5 per cent or, whether he is considering new legislation to cover groups of people acting in concert.

De Beers used three companies to buy 14 per cent of Consolidated Gold Fields, each owned less than 5 per cent of the shares—except for a period in December.

Mr. Nelson wants to ask Mr. Nott whether he is considering statutory controls over foreign companies which are now free of the Exchange Control provisions which limited their holdings in UK companies to 10 per cent without Bank of England permission.

The regulatory systems of the Stock Exchange also concern Mr. Nelson. He believes the exchange's recommendations concerning its report into the Gold Fields affair are "muted timid and inadequate."

Now he wants Mr. Nott to say whether he is satisfied that the jobbers' actions during the "dawn raid" of February 12 was in the interests of "fair trade." The jobbers sold "short" of a significant number of shares during the raid.

He is also concerned at the roles played by Rowe and Pitman De Beers' London brokers, and Davis Borkum Hare, which acted for the company in Johannesburg.

Bass and Whitbread in soft drinks merger talks

BY GARETH GRIFFITHS

BASS and Whitbread expect to conclude talks over a possible merger or production agreement, covering their soft drinks divisions, by the end of September.

The areas of co-operation would include Bass's Canada Dry operations and Whitbread's R. White's lemonade and Rawlings mixers. Talks have been going on for several months, although both companies still regard each other as rivals in their main brewing operations.

The most likely strategy is for a combination of their tied public houses being used to push up the Bass and Whitbread share of the £1.25bn carbonated soft drinks industry.

Bass and Whitbread are believed to favour a production agreement rather than a merger. This would probably mean the phasing out of the Rawlings's mixers and fruit juices and both companies would then distribute the Canada Dry range of products and Whitbread lemonade.

Soft drinks have done well over the past two years—with an average 3 per cent per year growth in volume terms, although this has been concentrated in supermarket sales. Last year public houses and clubs accounted for about 25 per cent of total sales.

The soft drinks divisions of the brewery companies have generally proved disappointing. Main reason is the continued dominance of Cadbury Schweppes, which despite setbacks accounts for nearly half total sales.

Bass and Whitbread hope to increase sales of their brands in public houses by increasing the pressure on tied public houses to sell in-house brand soft drinks. This strategy would lead to an increase in the range of products, avoiding the danger of typecasting.

Bass and Whitbread say their individual share of the soft drinks market is quite small. The consortium, if it is set up, would therefore be unlikely to attract the attention of the Office of Fair Trading or the Monopolies Commission.

Granada ruling attacked

A COURT of Appeal order compelling Granada Television to name the British Steel "mole" who leeked confidential documents could lead to a spate of further actions against the Press, the Law Lords were told yesterday.

Mr. Patrick Neill, QC, for Granada, said the Court of Appeal ruling had "violated established legal principles." It had extended the legal action for "discovery"—the disclosure of document—used as a "tool in litigation" into a new field where it had no application.

Granada is asking the Lords to overrule a decision of the Court of Appeal, presided over by Lord Denning last May, giving the television company seven days to reveal the identity of the British Steel employee who leaked the documents used in a World in Action programme during the steel strike.

The order was suspended pending the present appeal to the Lords. The appeal is expected to last four days.

In a long history of the law and the Press, said counsel, there had been no case where a plaintiff had ever asked for, or been granted, anything other than an order preventing a breach of confidence by a newspaper.

There had never been an attempt to get to the source, said Mr. Neill.

Treasury forecasting role reviewed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

LORD KEYNES remarked in the thirties that forecasting unemployment should involve "not above a quarter of an hour's honest work for a genuine economist."

Times have changed—new vast resources are poured into economic forecasting by the Government, industry and the City.

Yet the value of forecasts, either as accurate projections or as tools of economic management, has remained controversial.

Mr. John Biffen, the Chief Secretary to the Treasury, has already raised doubts about the "uncertain science of economic futurology." It is hardly surprising, therefore, that the Tory Government should start to look at the Treasury's own forecasting unit.

The resulting review has been carried out by Professor Terry Burns, who joined the Treasury in January as Chief Economic Adviser from the London Business School.

Professor Burns' key recommendations, now approved by the Chancellor as reported in yesterday's Financial Times, are that the Treasury should continue to produce regular forecasts, but that the resources devoted to such work should be reduced. Forecasting should also be split from economic policy analysis.

The Treasury's involvement in forecasting—it is a full or part-time occupation for 30 out of 48 staff employed on macro-economic work—is in part a historical accident.

The department was one of the pioneers in economic model building in the UK. But there are now a multitude of forecasts from other pioneers, such as the National Institute of Economic and Social Research and the London Business School, and from a wide variety of academic and City groups.

There is never any possibility of running out of forecasts to read.

Some commentators have concluded the Treasury should pull out of forecasting and instead follow other groups' projections.

But the Burns report says that, given the size of the UK public sector, it would be difficult for anyone outside Government to pool together all information about tax and public expenditure.

The Treasury would always be working in these areas to prepare Budget options. And there would be big costs in trying to adopt a piecemeal approach, with some forecasting done inside and some outside the Treasury.

Other countries with less of a tradition of Government secrecy manage without a large forecasting apparatus within their economics ministries.

They rely on organisations such as the five institutes in West Germany or Data Resources and Chase in the U.S.

The counter view is that, whatever its merits, commissioning forecasts is expensive and would not be a saving.

Critics argue that the combination of continued Treasury forecasting and the department's traditional secrecy can result in the development of a "party" line in official advice which prevents the examination of a wide range of options.

For instance, Dr. Alan Budd, a close colleague of Prof. Burns at the Business School, said in an Institute of Economic Affairs report last year that "outsiders give advice to the Treasury in much the same way that a newcomer to the district leaves his card at the Great House.

"Whether it is thrown on the fire or borne rapidly to the mistress's boudoir may depend on the nature of the message or even on the whim of the butler. He (the outsider) fights on completely unequal terms with the officials."

This view is now regarded as outdated by some senior advisers, principally because of the existence of the all party Treasury and Civil Service Committee of the Commons.

Professor Terry Burns, Chief Economic Adviser to the Treasury, wants a 50 per cent cut in the department's forecasting staff.

This employs some of the leading outside forecasters as advisers and in effect forces Treasury witnesses to publicly face and discuss other views.

Long serving officials say, without obvious enthusiasm, that Ministers of both parties take as much notice of outside forecasts as they do of Treasury projections.

There is no public assurance, however, that Treasury Ministers treat outsiders equally with their own advisers.

Nevertheless, Treasury forecasts will retain a special position in policy-making even after the proposed cuts in the forecasting process.

Indeed, one of the aims of the reorganisation is to make forecasting more effective, partly by bringing together the now separated real and monetary sides of the exercise.

The hope is also that the reduction in the number of forecasters—by over a half—and the consequent reduction in specialisation will help to simplify and to bring under control the vast forecasting model with its 583 equations.

The supporters of reorganisation say the result will be a more coherent forecasting unit.

The internal sceptics are worried about the dangers of creating a ghetto of forecasters separated from the the work of policy analysis.

But at the end of the day, whatever the public doubts about the value of such forecasts, Ministers and markets will no doubt await as eagerly as ever the outpourings of the Treasury computer.

Guides for local business

By James McDonald

THOMSON British Holdings (the main UK subsidiary of International Thomson Organisation) and Dun and Bradstreet, the business reporting group, are to invest £15m through a new jointly-owned company in local community-based information and buying guides throughout Britain.

The new company, Thomson Directories, will be part of Thomson Information Services, the operating group formed recently by Thomson British Holdings.

Designed as an advertising medium for local business, Thomson Local Directories will be an annual guide to business and community services for households and other users. In each area, based on local authority boundaries, every address will receive a free copy.

The 700 staff on Thomson Yellow Pages (not part of TIS) will be transferred to Thomson Directories when the Yellow Pages contract with the Post Office runs out at the end of this year. Next year, they will produce over 100 local guides.

Dun and Bradstreet publishes about 400 local buying guides annually in the U.S. Mr. Ernest Martin, who has been appointed director and general manager of Thomson Directories, comes from Dun and Bradstreet's U.S. subsidiary which produces the American guides.

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Early Ming dish fetches £40,000 at Christies

SALEROOM

BY ANTONY THORNCROFT

AN EARLY Ming blue and white deep dish of the Yongle period, sold for £40,000, plus the 11.5 per cent buyers' premium and VAT, at a Christie's sale of Chinese ceramics and works of art yesterday. The buyer was a Hong Kong dealer. The sale fetched a total of £578,285.

A large Longquan celadon square vase, 15¼ in high, of the Southern Song dynasty, made £32,000; and an inlaid, black lacquer tall octagonal box cover and tray, of the 15th century, fetched £26,000.

The most unusual auction at Christie's yesterday was West Yorkshire Metropolitan County Council's sale of a collection of weights and measures for £66,288.

The 179 lots stretched back to 1828 and were inherited by the new authority when it absorbed smaller local authorities in the 1974 reorganisation.

The highest price was the £1,800 paid by Davidson, a London dealer, for a set of ten West Riding cylindrical bell metal measures, with turned wooden and ivory handles, dated from 1824-79. A set of 15 Halifax bell metal weights made £1,600.

Among the many museums buying was the Science Museum, which paid £4,370 for seven lots, including £1,350 for a set of 11 Halifax brass conical measures.

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Price of energy 'unfair to industry'

BY RHYS DAVID

AN APPEAL to the Government to review the basis on which industry is charged for its energy consumption has been submitted by the British Independent Steel Producers' Association (BISPA).

The appeal, in a letter to Mrs. Thatcher, coincides with warnings issued earlier this month by the British Steel Corporation's Yorkshire and Humberside division, that electric arc steelmaking could cease to be viable because of increasing electricity charges.

The BISPA case concerns increases in natural gas and heavy fuel oil as well as in electricity but, like BSC, it argues that UK producers are no longer able to compete with continental steelmakers enjoying substantially lower energy charges.

The private steelmakers are entirely dependent for their bulk steelmaking on electric arc furnaces where costs, according to BSC, are running in the Yorkshire area at 2.5p per kilowatt hour as against 1.4p in France and 1.6p in West Germany. The private sector also consumes large quantities of natural gas to heat up rerolling mills, and it is faced with substantial rises as a result of Government-imposed pricing policies.

In heavy fuel oil, another important source of energy for the private sector, the basic price according to BISPA is £6-£7 per tonne higher than on the continent at £83 per tonne, with an additional tax of £8 which also has to be paid. Altogether, some 15 per cent of total costs in the independent sector are energy-related.

In her reply to BISPA, the Prime Minister has apparently indicated that the matter should be taken up with the Department of Energy. But the association's officials argue that energy prices for industry are a question of overall UK economic strategy, and should therefore be considered by the Cabinet.

Behind the arguments of both the BISPA and BSC is the belief that UK energy pricing is tipped in favour of the consumer, and against industry.

BA may sell assets to offset cash crisis

BY LYNTON McLAIN

BRITISH AIRWAYS may have to sell assets and cut up to 3,000 jobs this year if it is to have any chance of paying for its £2.4bn plan to buy over 40 new jet airliners by 1986.

Without "remedial action," the state-owned airline acknowledges that it is heading for financial problems later this year.

The airline has already missed its financial and passenger targets for this year. And in two weeks, it is expected to announce its results for last year—its worst-ever trading results with almost no profits despite a near-record growth in passenger volume, up 14 per cent compared with 1978-79.

Passenger volume this year is expected to grow only at 5.2 per cent.

This is much lower than the airline expected when it planned its aircraft re-equipment programme. The plan was based on the need to modernise the BA fleet with more fuel-efficient aircraft. But it was also designed to meet the expected continued high growth in demand for air travel — a demand which is not materialising as fast as airlines would wish.

Mr. Roy Watts, the airline's chief executive in a terse four-point programme to cut the impact of the growing cash crisis at BA, told union officials yesterday that the airline was suffering from a serious shortfall in traffic and revenue.

If left unchecked, the problem of cash flow will affect the airline's ability to pay for the Boeing 737 and 757 and Lockheed TriStar airliners now on order. BA may slow down the timetable for buying the new aircraft if the cash crisis persists.

BA would respond to the cash crisis by further "aggressive marketing," by cutting out "excess aircraft capacity" in its winter programmes from the coming season, by calling for a 2.5 per cent cut in the expenses of each department in the airline and by selling "saleable" assets, if necessary, to raise cash.

The airline has already lost through natural wastage up to 2,000 of the 3,000 jobs it wants to cut this year.

Other possibilities open to the airline include a refusal to exercise the many options it has with Boeing and Lockheed for further purchases on top of those already confirmed as firm orders.

BBC tests to decide marketing potential of Carfax radio service

BY ELAINE WILLIAMS

BBC TESTS in London will decide the marketing potential of Carfax, a radio information service for motorists developed by the BBC.

The project is sponsored by the Transport and Road Research Laboratories, on behalf of the Department of Transport, which has spent more than £250,000 on Carfax.

Carfax gives details of traffic jams, accidents and road works—which can only be picked up by motorists having a special radio receiver.

The BBC estimates that the country could save between £5m and £10m a year by reducing the time motorists spend in traffic jams. The system would save on fuel and labour costs and could help reduce accidents.

If engineering trials are successful, the BBC hopes to carry out a six-month public trial involving 450 motorists at the end of the year. But the BBC says it would be unable to finance a full service without Government financial support.

Many UK-based manufacturers have been working with the BBC for four years to develop the receivers necessary to pick up Carfax. Radiomobile has already supplied the BBC with 100 Carfax receivers of different designs.

Buying

Makers see good export opportunities because most European countries are interested in providing similar services and are eagerly awaiting the outcome of the trials. Germany has its own service but it is not as sophisticated as Carfax.

If manufacturers mass produce the Carfax receiver, it would add about £10 to the cost of a car radio receiver. Buying an adapter to existing radios would cost between £20 and £30.

However, the only uncertainty for Carfax is whether or not the Department of Transport, which has provided the funding, will approve the introduction of a full service.

Carfax was first proposed in 1971 by Mr. Ron Sandell, working at the BBC's Kingswood engineering research establishment in Surrey. His idea was to provide special traffic information service to motorists which could be picked up only by drivers having a suitable radio receiver. This device would interrupt normal radio programmes automatically when any traffic problem occurred.

A countrywide network of transmitters would be able to provide national and local traffic information, with a computer storing information from motorist organisations. A motorist would be able to pick up information on the area through which he was travelling.

The receiver has been designed so that even if the motorist is tuned into a normal radio station, or has his set switched off, it will automatically tune to Carfax when an announcement is made.

Warning of decline in Welsh tourism

By Robin Reeves,
Welsh Correspondent

WELSH TOURISM could decline by 5-10 per cent unless Wales is marketed more vigorously, Lord Parry, chairman of the Wales Tourist Board warned in Cardiff yesterday.

Lord Parry, presenting the Board's annual report, said that the time had come for very blunt speaking. Tourism has grown into a major source of Welsh employment, providing about 90,000 jobs. If it goes into decline, Wales would have a problem of rural depopulation on a scale worse than anything talked about in the 50s and 60s.

"Some parsimonious local authorities are putting at risk the livelihoods of thousands of proprietors and workers in hotels, restaurants and shops in the resorts. Total advertising by Welsh resorts this year was little more than the space bought by one medium-sized English resort," Lord Parry said. He pointed out that spending by British holidaymakers was expected to decrease in the next two to three years, and the strong pound was making trips to Britain very expensive for overseas tourists.

Earnings

Urging local authorities and the tourist industry to invest more in promotion, Lord Parry added: "If they go on assuming there is no need to spend on publicity because the tourist will come anyway, then tourism in Wales will go the way of some other British industries. The world owes us nothing."

The annual report calculates that Welsh tourist earnings increased by 10 per cent to £460m in the year ended March. It suggests the figure might have reached £500m but for fears aroused by petrol shortages in the early summer of last year and the increase in VAT to 15 per cent.

EIB EXPECTS SPENDING CUTS TO HAVE IMPACT

Loans from EEC likely to drop back this year

BY DAVID MARSH

BRITAIN'S horrowings from the European Investment Bank and other EEC lending institutions look likely to fall back this year from last year's record levels.

The country's policy of reducing its foreign debt was underlined by the Governmeot's announcement yesterday that it is repaying a $1.5bn international bank credit raised in 1977.

During the first six months of this year, fund raising from the EIB totalled £195m. Lending normally picks up in the second half of the year, so no firm prediction can yet be made for the whole of 1980. But the EIB feels that Government attempts to cut back public spending, as well as greater caution about foreigo borrowing, might have ao impact on its operations later this year.

In real terms "allowing for Britain's double digit inflation rate" borrowing looks almost certain to be well down compared with last year.

The EIB makes loans available to both public and private sector borrowers, particularly to finance regional development and energy projects. Last year the UK received one-third of the bank's total lending to EEC countries.

Beneficiaries this year include the South of Scotland Electricity Board, the National Water Council and Britisb Rail, as well as many other public sector bodies and a oumber of private sector industrial companies. The National Coal Board has also borrowed around £50m this year from the EIB's sister organisation, the European Coal and Steel Community.

Loans from the EEC have become a progressively more important element in the Government's foreign borrowing. During the past few years, the overall official borrowing programme has been cut back considerably as a result of the improved balance of payments and the recovery of sterling. Between the end of 1977 and March this year the Government and other public sector borrowers repaid a net $4.9bn (£2.1bn) of external debt.

Of the new loans that are still being raised, the bulk is now coming from the EEC. Out of the $648m of Government-backed loans which entered Britain's official reserves in the first six months of the year, over half was from the EIB or the ECSC.

Loans from the EEC institutions are made in a mixture of foreign currencies — mainly dollars and Deutsche Marks— as well as currencies like the Swiss and French francs and Dutcb guilder.

EEC loans could become an increasingly expensive method of fund raising for Britain. They might even become unnecessary as a result of the improved balance of payments.

These loans represent the proceeds of horrowings that the EIB and ECSC themselves have made oo the international capital markets. The Interest rate charged is the weighted average of borrowing costs in the various currencies, with a margin added to cover the EEC institutions' operational expenses.

The Treasury is understood to feel that this could be a relatively expensive source of borrowing now that oil-backed Britain is one of the most sought-after borrowers on the international markets.

The Government or a public sector body could presumably now horrow abroad at arouod the same orime terms available to the EIB, avoiding the need for an intermediary. Taking into consideration the boost giveo by oil to the current account balance of payments, as well as the large inflows Britain is already attracting on capital account, it has also been questioned in some official quarters whether Britain needs to borrow abroad at all.

Because of a cooling in the official attitude to EEC loans, the National Coal Board, which earlier expected to raise £200m from the ECSC this financial year, is now uncertain whether this figure will be reached.

The influx of EEC loans also causes some complications for the Bank of England in its management of the official foreign exchange reserves. The loans are normally paid into the reserves in foreign currencies and paid out to the eventual borrower io sterling, with the authorities carrying the exchange risk.

In the past, the Bank has been cautious about taking currencies other than dollars. It bas, however, become more flexible in accepting non-dollar currencies, particularly at times when tbe EIB has itself found it easier to raise funds in Deutsche Marks or other European currencies rather than dollars.

This has led inevitably to an increase in the non-dollar conteot of tbe foreign exchange reserves, now understood to be approaching 30 per cent (although no official figures are available). But it bas at times given the Bank problems in finding proper investments for its non-dollar holdings.

In view of the geoeral arrangements among the central banks of industrialised countries to restrain reserve diversification, the Bank has become slightly embarrassed to find that it has roughly $5bn of non-dollar currencies in its own reserves.

Busmen refuse cut

MORE THAN 600 bus drivers and conductors did an about-turn yesterday over an offer to take a wage cut of nearly £30 a week. They decided by an overwhelming majority not to sacrifice a guaranteed eight hours' overtime a week.

By doing so they would bave saved £500,000 for their employers, the Northampton-based United Couoties Bus Company. This would have balved the company's annual running losses.

Nearly two weeks ago their union, the Transport and General Workers' Union, said the bus crews had decided to take the cut in overtime. But the staff called for a secret ballot.

Now more than 100 bus crews and administration staff will be made redundant and cuts will be made in services to help reduce the annual losses.

UK NEWS – LABOUR

Electricians reject TUC's Isle of Grain proposals

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE inter-union dispute at the Isle of Grain power station construction site worsened yesterday when an executive meeting of one of the major unions involved, the Electrical and Plumbing Trades Union, decided to reject TUC proposals to end the squabble.

At the same time, mechanical contractors on the site have told leaders of the craft unions that productivity on mechanical work on the site has fallen dramatically since the beginning of the year.

The contractors say that bonus rates need to be restructured. Plans are expected to be presented to union members on the site later this week.

The craft unions in the dispute will meet later today to discuss the TUC proposals. These involve the withdrawal of the 60 trainee insulation engineers, or laggers, from the site and the re-instatement of 27 laggers who are members of the General and Municipal Workers' Union. These laggers were dismissed last year.

The executive of the Amalgamated Union of Engineering Workers meets this morning, with the issue of Grain high on its agenda. It is expected that its construction section at least will follow the EETPU's line, and that the later meeting of all the unions will reveal a deep rift between them on the TUC's advice.

The flouting of the proposals, made by a sub-committee of the TUC's finance and general purposes committee, carries the risk of suspension from the TUC. This possibility has been highlighted by the GMWU, which backs the proposals, but played down by the TUC.

The Transport and General Workers' Union has indicated that it will support the TUC line, a position backed yesterday by the National Union of Sheet Metal Workers.

However, Mr. George Guy, the union's general secretary, said that the problem of what would happen to the 60 trainee laggers was "a very difficult one indeed."

The problem of falling productivity, regarded by both the Central Electricity Generating Board—the client—and the contractors as serious, stems from the freezing of bonus rates at a relatively high level early this year.

It is understood that this action was taken to compensate the unions after the 2,000-strong workforce was cut by 600.

Adwest clash leads to 26 arrests

BY OUR LABOUR CORRESPONDENT

PICKETS and police clashed outside Adwest Engineering in Reading yesterday as around 100 pickets attempted to stop workers entering the plant. There were 26 arrests.

Mr. John Collingbourne, the company's managing director, said that the pickets were unsuccessful in their attempt to stop workers entering the plant, and that production proceeded normally.

The pickets were mounted in support of a worker, Mr. Martin Kaufman, who was sacked in May. A further 38 workers were subsequently sacked when they took action in his support.

The company claims that the remaining workforce of around 300 has accepted a pay deal which was the original cause of the disputes, and that it insists that the sacked workers should not be reinstated.

BBC rejection backed

BY OUR LABOUR STAFF

THE BBC's compromise proposals for ending a six-week strike by musicians over plans to cut five orchestras were unanimously rejected yesterday by representatives of the orchestras on strike as "completely unacceptable."

According to the Musicians' Union, whose national executive also decided to reject the plans, the strikers expressed complete confidence in their union's conduct of the dispute.

A final decision on whether this year's series of Promenade Concerts can be saved will be made by the BBC today. The Concerts are due to start on Friday.

The likely cancellation of the Proms could bring further public pressure to bear on the BBC to come to terms, the unions said. Mr. John Morton, general secretary, said that TV autumn and Christmas schedules could already be in some disarray.

Kent road delay possible

BY PAULINE CLARK, LABOUR STAFF

TRUNK ROAD development in Kent was said yesterday to be threatened with lengthy delays because of union resistance to the transfer of supervisory work to private contractors.

The National and Local Government Officers' Association said 150 Road Transport Unit staff in the area were being balloted on proposals for not co-operating with the transfer. This followed the recent issue of 20 redundancy notices to the supervisors.

Work on two lengths of the M40 in Warwickshire was said by the union to have already been delayed six months because of a union-backed strategy of non-co-operation by road engineers in the RTU there.

This involves refusing to assist in paperwork and in any transfer of information necessary for the smooth continuation of road work projects.

Union seeks support for ICI offer

UNION negotiators for some 4,000 supervisors in ICI are to recommend acceptance of a 16 per cent pay rise, in spite of a campaign of resistance to a similar increase offered to other white-collar groups in the company, our Labour Staff reports.

The supervisors, whose basic salary would rise to between £4,000 and £8,000, work with manual workers on ICI works sites throughout its divisions. The 50,000 manual workers have already accepted a 16 per cent deal on top of a 3 per cent inflation award made last January.

The Association of Scientific, Technical and Managerial Workers has given authority to negotiators to call further selective industrial action by other staff groups in ICI if they do not receive an improved offer at resumed negotiations on Monday.

Legal and General accord

THE Legal and General insurance company, which has been disrupted by industrial action over pay for the past month, has reached agreement with negotiators for the Association of Scientific, Technical and Managerial Staffs, Nick Garnett reports.

Union officials believe the offer will be accepted at mass meetings today. It provides for increases of 18.8 per cent on salaries in a nine-month deal from July 1. London and regional allowances and salary minima and maxima are also being raised by the same amount.

The union, which represents about 2,500 of the insurance company's 4,500 staff, tightened its industrial action last week to include the blacking of work.

Judges rule against ASTMS

BY OUR LABOUR STAFF

THE white collar union ASTMS yesterday lost its High Court bid to force the Post Office to recognise it as representing 1,000 telecommunication sales representatives.

Two judges ruled that the Post Office was not in breach of any statutory duty by refusing to recognise ASTMS, the Association of Scientific, Technical and Managerial Staffs.

The union is now likely to take the matter to the Court of Appeal.

The Post Office had complained that other unions had said they would not co-operate with ASTMS and that the Post Office would be adding to the number of unions it had to deal with, whereas its policy was to reduce them.

ASTMS had attacked these objections as irrelevant.

Lord Justice Donaldson said he could see nothing wrong with the Post Office taking account of the fact that the fewer unions with whom it had to deal and the better they got on together, the better the chances were of agreeing a simplified grading structure.

The other judge, Mr. Justice Mustill, also refused to grant ASTMS court orders requiring the Post Office to negotiate with the union as an "appropriate organisation."

NATIONAL COUNCIL FACES DISBANDMENT

Post Office unions battle for supremacy

BY PHILIP BASSETT, LABOUR STAFF

POST OFFICE union leaders are to meet this week to examine confidential proposals on the future of trade unionism in the Post Office after its split into separate postal and telecommunications businesses.

The proposals have been drawn up by the Union of Communication Workers and the Post Office Engineering Union — the corporation's two biggest unions — and are effectively separate negotiating bids for union dominance in the new enterprises.

The UCW's proposal is for one union for the industry, and the POEU's for a loose federation at first in telecommunications. Both proposals involve the disbanding of the 11-year-old Council of Post Office Unions.

Council officials accept that the umbrella body will fold up at national level, although officials of some constituent unions are worried that this might allow the Post Office to change local industrial relations agreements which are safeguarded by the council through its 21 regional and 300-plus area levels.

The UCW, formerly the Union of Post Office Workers, has circulated its proposals to other unions. A covering letter states: "It is not intended to give this letter any publicity inside the UCW until after the proposed joint discussion has taken place."

The union expects the council to be disbanded in about a year. "The executive council believes that this time will be necessary in order to give those who work for COPUO as long a period as possible in order to seek employment elsewhere," says the union.

"In the case of COPUO officers, three of whom are over 50 years of age, we believe that this is the minimum period which we can reasonably give in order to ensure that, as their employers, we provide the time needed to seek employment in a tight labour market."

The UCW says that the council, or a similar body, would "act as a barrier to trade union unity; it will be expensive and time-consuming." Instead, the UCW believes that by following its line, communications workers would have "the strongest possible weapon with which to confront management."

The UCW call for one union in the industry based on itself is unlikely to succeed. Other unions see it as an attempt to broaden the UCW's dwindling membership base before the union is locked in the contracting postal business.

But other Post Office unions are looking more favourably on the POEU proposals, although some officials suspect that they are a means for extending the present coalition with the Society of Post Office Executives. This would put the two unions in a dominant position in the new British Telecom. The coalition was formed this year over pay.

The POEU rejects the idea of the council being divided in line with the Post Office "because COPUO has become too elaborate and the procedures for decision making and meetings have become a lengthy process."

The union suggests that if its proposals for a federation in the telecommunications business are successful, the idea should extend to the postal business and "consideration be given to a form of liaison between the two federations."

Job programmes 'may be extended'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT is prepared to expand existing employment schemes and introduce new ones if it becomes necessary later this year, Mr. James Prior, the Employment Secretary, told the Commons yesterday.

"I quite expect that over the next few months it will be necessary for more to be done," he said. "We can extend existing schemes as well as consider new ones."

But, judging by the tone of his remarks earlier in the debate, he only had in mind a limited expansion of the various job programmes which are now in existence. He emphasised that the most important thing was to create new jobs by ensuring that pay increases reflected what the country could afford.

The Employment Secretary was replying to a Labour motion condemning the Government's deliberate creation of mass unemployment as an instrument of economic policy.

He insisted that the Government's present economic policy was the only way to put employment on a sound basis in the long term.

"As long as we are trying to squeeze inflation out of the economy, unemployment is unfortunately one of the consequences we face.

"We are prepared to go through and suffer the indignities and have the desperate problems which high unemployment brings in order to make certain that at the end of the day real jobs are created."

Mr. Prior indicated some areas where the Government will be prepared to give additional help.

He gave a guarantee that every pupil leaving school this year would have a place in the youth opportunities programme by next Easter.

Those under 19 who had been unemployed for over a year would also be found a place on the programme. If necessary, he promised, extra money would be spent to meet any extra commitment arising from these undertakings.

In addition, his department was considering with the Manpower Services Commission the possibility of extending the length of the various schemes under the youth opportunities programme.

He hoped to receive the MSC's review of employment and training by the end of the month. In the next session of Parliament, he said, the whole question of training would need "a very considerable overhaul" and would have to be looked at afresh.

Prior: "It will be necessary for more to be done."

The Employment Secretary gave a long explanation to the House in a further attempt to clear up the muddle over his suggestion to a Commons committee that the unemployed should take up some form of community work.

He emphasised yet again that any such proposal would be voluntary and said there was no difference of opinion between himself and Lord Gowrie, Minister of State for Employment.

Mr. Prior said that Lord Gowrie had merely told a Press conference that unemployment benefit could be withdrawn if a person persistently refused paid work. Lord Gowrie had not suggested that this should apply to social security payments, which would be the only meaningful way of compelling a person to join a community work scheme.

From the Opposition front bench, Mr. Eric Varley, Labour's spokesman on Employment, said that the Government had created the sickest economy in the Western world.

There were three main causes: a disastrous inflation which had doubled in 12 months, a penal level of interest rates, and an over-valued pound which had seriously damaged exports.

"This chain of catastrophies doesn't come about by accident," he said. "Every action taken by this Government has been a deliberate attack on employment and jobs."

The country was told that this was being done to squeeze inflation. Yet the Government had deliberately created inflation by raising VAT, increasing charges for prescriptions and school meals and putting up the cost of gas and other fuels.

The Government had now deluded itself that its policies were working despite the fact that out in the country there was a real world of bankruptcies and lay-offs.

Mr. Varley said that Mrs. Thatcher was "the political equivalent of a neutron bomb" inflicting irreparable damage on the economy.

"The policies of this Government are not just misguided, they are inhuman and wicked," he concluded. "We shall fight them and their policies until they have been driven from office."

£1m to be spent on advertising Housing Bill

By Elinor Goodman, Lobby Staff

THE DEPARTMENT of the Environment is to spend £1m on advertising the measures contained in the Housing Bill. Well over half the money is likely to be spent on explaining to council house tenants their new automatic right to buy their homes.

The campaign will be handled by the Doyle Dane and Bernbach advertising agency. It will probably start in the autumn when the Government begins laying the orders which will bring into effect the various parts of the Bill. Both television and press advertising will be used as well as leaflets explaining the more detailed provisions.

The Bill has been bitterly contested through all its stages by the Opposition and—though the financial provisions of the Bill provide for £1m to be spent on advertising—the campaign is likely to be attacked by Labour as political propaganda at the taxpayer's expense.

Yesterday, Mr. Roy Hattersley, the Shadow Environment Secretary, said that given the plight of the homeless, and the number of people who had lost jobs because of the Government's cuts in public expenditure, the £1m could be much better spent elsewhere.

But the Department of the Environment insists the purpose of the advertising is purely to inform the public of the rights the Bill gives them. Much of its effectiveness will depend on members of the public knowing their rights and using them.

This is seen as particularly important in areas controlled by Labour where local councils are opposed to the whole idea of selling council houses.

Money supply is under control, says Treasury

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE MONEY supply is under control even though the rate of growth of sterling M3 since the beginning of the current target period has been slightly outside the official range, senior Treasury officials claimed last night.

Mr. Peter Middleton, deputy secretary on the domestic economy side, said he was confident that the money supply was now under control.

He referred to the series of indicators showing that the rate of growth had fallen quite sharply since last autumn. Taken together with the evidence that the economy was in poorer shape than last autumn, he suggested that it was therefore reasonable to have reduced minimum lending rate earlier this month.

He pointed out that bringing the money supply under control was not necessarily the same in the short term as having the rate of growth within the target range.

Mr. Middleton was giving evidence with senior Treasury colleagues to the all-party Treasury and Civil Service Committee of MPs which is inquiring into the conduct of monetary policy.

During a two and a quarter hour hearing last night, Mr. Middleton and his colleagues were questioned about the assumptions underlying the Government's priority on using monetary targets to reduce inflation.

On the short-term outlook, the official said that the decline in economic activity and output in the last few months was as expected at the time of the Budget. There was therefore no reason to alter projections that manufacturing output would decline by 4½ per cent this year compared with 1979.

Mr. Frank Cassell, an under-secretary involved in medium-term analysis, said it was much too early in the year to say whether public sector borrowing would be in line with the Budget estimate of £8½bn for 1980-81.

In questioning about the sharp decline in the competitive position of British goods reported in yesterday's FT, one of the officials indicated that between a half and two-thirds of the erosion in the last two years was because of a faster rate of growth of costs in the UK than abroad.

Mr. Cassell was questioned about the impact of the strong pound. He said that the full benefits of the appreciation of sterling had not yet shown through.

But he gave the rough and ready estimate that the 12-month rate of retail price inflation would have been between three and five percentage points lower than the present level of just under 22 per cent if the pound had not been strong and had fallen in line with the deterioration in Britain's competitive position.

The officials were questioned about the relationship between the drive to reduce inflation through a tight monetary policy and the costs in terms of rising unemployment.

Mr. Middleton said that it was difficult to believe in the longer term there was much trade-off at all. He said that a reduction in the rate of inflation was necessary if there was to be a sustained growth in output.

TRANSPORT MINISTER CONFIRMS SALE OF BRITISH RAIL SUBSIDIARIES

Fowler accused of asset stripping

BY IVOR OWEN

FERRY SERVICES operated by Sealink will be the first of the British Rail subsidiary interests to come under private sector control, Mr. Norman Fowler, the Minister of Transport, announced in the Commons yesterday.

He had to battle against repeated Opposition charges of "asset stripping" when he confirmed that British Transport Hotels, British Rail Hovercraft and British Rail Property Holdings will complete the package to be put on offer to private capital over the next two to three years.

Mr. Fowler explained that a Bill to be introduced in the next session of Parliament, expected to open in November, will transfer ownership of these four main non-rail subsidiary activities of British Rail to a holding company.

At a date to be decided, offers would be invited for a majority interest in each of the four concerns. He envisaged that British Rail Hotels would follow closely after Sealink in this latest instalment of the Government's partial de-nationalisation programme.

Mr. Fowler rejected the "asset stripping" charges by stressing that British Rail, through retaining a minority interest, would be able to share in the additional profits generated by the introduction of private capital.

He cited the performance of British Transport Hotels — a profit last year of only £328,000 on a turnover of £38m—as justification for the transfer of control to the private sector. And British Transport Hotels had built only one hotel since the war.

Mr. Albert Booth, Labour's Shadow Minister of Transport, emphasised the contributions made by Sealink and British Rail Property Holdings—profits of £13.7m and £29.4m respectively—to British Rail's overall finances.

To Labour cheers, he denounced the Government's proposals as equivalent to "eating the seed corn."

Mr. Fowler retorted that Sir Peter Parker, the British Rail chairman, had backed the Government's proposals in an agreement arrived at after several months of negotiation.

He declared: "The Government and the Board recognise that these subsidiary enterprises will not secure essential commercial freedom unless private capital is attracted in sufficient volume and unless private investors are assured of sufficient control through their shareholdings to ensure that the enterprises will be able to operate on equal terms with competitors in their respective markets."

Mr. Fowler also emphasised that the Government was satisfied that the important existing trading relationship between British Railways and the four subsidiaries could be sustained by commercial contracts.

He insisted: "These arrangements cannot but work to the advantage of British Railways and the subsidiary enterprises.

"We are also convinced that it is only by maximising the opportunities for profitable service to the public that the workforce at every level in these enterprises can look forward confidently to sharing in improving returns."

Opposition MPs ridiculed the Minister's assertion that the BR board had agreed to the disposal of its controlling interest in the four subsidiaries.

Mr. Donald Stewart, MP for the Western Isles and leader of the SNP, argued that Dick Turpin's pistol-wielding "stand and deliver" tactics must have been employed against the BR chairman.

Ignoring Mr. Fowler's denials, Mr. Stewart maintained: "This, in fact, is asset-stripping and looting."

An extension of the Government's policy to include British Rail's engineering works was advocated by Mr. P. B. Wells (C. Hertford and Stevenage).

"It is very highly profitable," he said.

Mr. Fowler promised to examine the possibility of introducing private capital into BR's engineering division.

As Labour MPs jeered he stressed: "Not because it is so profitable but because its performance is not so good as it might be."

'Channel ferries —top bargain'

By Philip Rawstorne

WHITEHALL'S SALES are beginning to rival those of Oxford Street.

The great British Rail sale, vigorously advertised yesterday by Mr. Norman Fowler, Transport Minister, will offer bargains in Channel ferries, hovercraft, hotels and other property.

Before the summer is out, the Government is expected to announce that the Post Office, BNOC and other nationalised concerns will have special offers to make.

Setting the tone as Government barker yesterday, Mr. Fowler promised benefits for taxpayers, consumers and workers alike.

The Opposition took a noisily sceptical view of his apparent altruism.

"Rip off, rip off," Labour MPs bellowed — suggesting that there would not be much risk for the "private risk capital" invited into BR's profitable properties.

Labour MPs demanded whether investors would be offered a share of London's loss making commuter services. Or would they be invited to use their capital and enterprise to restore rural train services?

Mr. Fowler's plans did not include such initiatives.

"Sheer hypocrisy," yelled Mr. Harry Cowans (Lab., Newcastle Central), apologising for his unparliamentary language.

Almost brought to a halt by angry Labour MPs massing for a debate on unemployment, the Transport Minister tried to make headway with assurances that the sales would bring more jobs.

British Rail had only built one new hotel since the war. "That is the kind of situation we are trying to tackle," he said.

Only one hotel, but it was British Rail initiative and enterprise that had developed the hovercraft which had been spurned by private investors, said Mr. Stephen Ross (Lib., Isle of Wight) lining the Liberals solidly with the Labour Opposition.

Rodgers attacked for stand on missiles

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR Left-wingers yesterday rounded on Mr. William Rodgers, the Opposition Defence spokesman, for his emphatic support at the weekend for the stationing of cruise missiles in Britain, and made predictable calls for his resignation.

The criticism was not entirely confined to the Left, however. While some Right-wingers admired his temerity in taking on the Left again head on, others queried whether his strategy was right this time.

Defence and nuclear weapons have long been divisive issues within the Labour Party. The issue threatened to come to a head earlier this year when Mr. James Callaghan, the Party leader, had to reluctantly go along with a statement of party policy which stated that Labour was opposed to the deployment of cruise missiles and the neutron bomb, and would refuse permission for their deployment in Britain.

In sharp contrast to this, Mr. Rodgers set out the case in favour of deploying cruise missiles in Britain in a "reluctant response" to the Soviet build up. In a conflict, he argued that no new principle was involved.

The pamphlet was being interpreted yesterday, however, by members of the Party executive as outright defiance of party policy. Mr. Frank Allaun, a member of the executive, said that if Mr. Rodgers could not accept the official Labour Party policy on cruise missiles, he should resign as Opposition spokesman on defence.

Clegg 'not to blame'

By Richard Evans

THE COMMISSION on Pay Comparability under Professor Hugh Clegg has been exonerated from blame for the embarrassing error in the report on teachers' pay published last April.

Instead, Sir Alan Marre, former ombudsman, finds in his investigation published yesterday that the blame lay with the office of Manpower Economics who provided the statistics on which comparisons were based.

Sir Alan argues that the Office was at fault in not ensuring that information on the starting salaries of graduates entering teaching—on which the Commission's recommendations rested—was checked before the report was completed and sent to the Prime Minister.

Call to step up power station construction

BY JAMES McDONALD

IF BRITAIN'S power plant industry is to survive a steady ordering programme of power station construction should be introduced without delay, bringing forward into the 1980s some of the construction that would otherwise be needed in the 1990s, the nine unions in the electricity supply industry said yesterday.

"Probably the bulk of this construction will have to be nuclear but new coal-fired plant should be built as well," the unions told the Commons Select Committee on Energy.

The Employees' National Committee of the Electricity Supply Industry—representing the unions and led by Mr. Frank Chapple—said that on present knowledge, nuclear power represents "the steadiest and most secure" fuel for new power station development in the next 20 years.

Commenting on types of reactor, the unions said: "We are not convinced of the case for a PWR (pressurised water reactor) programme but would not object in principle to the construction of one, subject to Nuclear Installations Inspectorate clearance and Ministerial consent following a public inquiry."

If a British PWR is to be built, as much of it as possible should be constructed by British companies, said the unions. "In our opinion it would be right, if necessary, to allow for the first PWR costing more than an 'off the peg' imported PWR in order to ensure that the British power plant industry gets as much of the work as possible.

Going to Arabia—from the camel's mouth

BY MICHAEL DIXON

AIR-CONDITIONED furnished apartment provided free of charge, promises the specification sent by recruitment consultant Bernard Baboulène for a managerial job in Dubai, in the United Arab Emirates.

"Beware the 'free furnished accommodation' tag," writes a maoager already working there. "What is provided can, and regularly does, vary from palatial to disgusting, depending on the employer."

Those last four words represent a commoo theme of the reports on local conditions generously sent by expatriates in the Middle East, so as to aid other managers and specialists who—perhaps already or potentially victim to the squeeze on employment at home—may be considering joining them.

Living conditions were reported to vary much from country to country, ranging from the stern Islamic regime of Saudi Arabia which I discussed on June 26, to the far greater tolerance of western habits prevailiog in Bahrain and Dubai. Within each country, however, conditions will again vary according to the expatriate's employer.

Among the many people who pointed this out was Bernard Baboulène, and I want to emphasise that I meant no criticism of him by the opening paragraphs of this column. While he expresses his job-specifications in short-hand phrases, he would doubtless spell out the details of accommodation and other conditions to anyone seriously interested in the post. Moreover, he can do so from knowledge since his BLB Consultants company has long had a special interest in recruiting for jobs in the Middle East.

The consensus of the reports was that people going to work in the region, fall into one of four main categories.

The first are those joining a big undertaking which involves international companies. Here, I gather, there is not likely to be much trouble with accommodation and so on, because these tend to be standardised by the employer if not provided in a company compound with, as one reader said, "subsidised everything."

Many of the people in this category are doing a stint in the Middle East as a stage in their career with a multinational concern, and so are free of the anxiety of needing to find another job at the end of their two- to three-year tour (which most readers think is enough of a commitment for anyooe first going out).

But several such career expatriatea complain that big-company personnel centres tend to forget about their far-flung profit-earners, with the result that the end of their stint comes as a surprise to headquarters. "Too often, the reaction is to try to forget you again by posting you off just anywhere, regardless of whether there's really a job for you or oot," said a disgruntled specialist. "You've therefore got to find ways of reminding the personnel bureaucrats who you are and what is due to you."

Visitors

On the other hand, two readers observed that despite the forgetfulness of personnel departments, there is no shortage of visitors from headquarters to Dubai in the winter. "The weather is so delightful compared with Europe and North America that all weekends are taken entertaining visiting VIPs . . . Of course, they depart Friday night to get home for their weekend, having just destroyed yours!"

But people who are not attached to a company and cannot look forward to a further posting of any sort, are strongly urged to bear in mind the need to find another job later on. "It's best to think of this before you agree to come out, and lay down lines of communication to find out about suitable jobs that come up, possibly with the headhunter who wants to export you."

The second main category is people joining "quasi-nationalised industries" such as governmental or public-utility organisations. Here, it should be realised that the countries concerned will be aiming to replace expatriates with their own nationals. But few, I am told, now really think that they will ever replace expatriates anywhere near completely.

Several reports emphasise the importance of appreciating in advance that category-two jobs tend to carry salaries which are lower than those of comparable posts elsewhere. If this is not discovered until later, the result can be dissatisfaction. "The salary and perks which they found so attractive to accept at home suddenly become inadequate in their view because they find that someone out here with whom they wish to equate themselves, is earning more or enjoying a perk they don't receive."

But second-category posts can offer compensations. Among these, said another contributor, are: a 7 am start, 1 pm finish, allowing plenty of time for sailing, golf, or merely being lazy."

The third main type of employment is in a relatively small joint venture between an Arab majority-owner and a Western concern which, I gather, usually looks after the management, especially of technical aspects. Here the Western candidate for a job has the advantage of being able to discuss and agree terms and conditions with someone speaking the same native language and from a similar culture. But while the Western partner should be professional enough to state the employmeot conditions precisely, the onus of ensuring that this is done inevitably falls on the candidate.

This onus increases when the job is in the fourth category—with an entirely Arab-owned business. "The Arab organisation is employing a mercenary—anything other than a salary is an unnecessary burden that needs to be eased to the lightest possible proportions," went one typical description. So it is important for the candidate to do all possible to see that terms and conditions are not only unambiguously laid down, but acepted as having the same meaning to both sides.

Unfortunately, this is easier said than done, as the following reports imply:

The expatriate "will have to learn to communicate with great precision—for misunderstandings are frustrating and expensive. He will more and more often be in a minority, and surrounded by unintelligible people—even though English remains the commercial language of the Gulf."

It is no good expatriates' protesting "that they have to check the office fuses" when their contract was to set up the company's computer system. "The happiest and most successful" in jobs of the fourth and often the third category are those "able to work very much in the shadow of an Arab figurehead, and who are quite prepared to have thair performances subjected to the most rigorous of scrutinies from time to time."

"The truth is that if the relationship with the employer goes sour, then theoretical rights to compensation or security of tenure will be of little value and, indeed, may be counter-productive if the expatriate wishes to leave.

Consensus

Even so, the consensus is that caodidates must ensure that terms and conditions state clearly the quality of accommodation to be provided whether for a single person or a family and include, wherever attainable, provisioo for medical care, leave with paid fares, school fees for any children accompanying the expat or staying in the home country, and a car as distinct from a car-allowance. For anyone wanting a more detailed check list, I would recommend a book privately produced by Brian McMaster, marketing manager of the Saudi Industrial Development Fund. Although it is primarily a guide to living in Saudi Arabia, much of its content seems to me to apply generally, and he has told me that a copy will be sent to anyone posting a cheque for £6 to him at Presley House, 19 New Street, Kegworth, Derby.

Another matter which needs to be settled clearly is tha currency in which the salary is paid. One reader had sadly watched the sterling value of his pay decline by 13 per cent over the previous 14 months because he had opted to be paid in the local currency.

There, then, are some basic tips from the camel's mouth on how to approach offers of jobs in the Middle East, including the one being handled by Bernard Baboulène.

It is a category-three post in a road-marking venture between a large United Kingdom group and two Arab interests, one of whom owns 51 per cent, the other being an entrepreneur who deals with the marketing and sales. The company has turned over £300,000 in 12 months with just one operating unit, and plans to have three units in work by the end of the year.

"Site engineering is sound," the headhunter says, "but rapidly expanding activity demands a manager to be employed by the UK company, to look after its interests and act as an anchor-man for the operation as a whole. He will maintain liaison between the parties, keep contract and general accounts of the operation and handle related inquiries and administration."

Candidates should have experience of similar work in a business of similar kind, not necessarily in road-marking but preferably in the same region. Salary at least £18,000 tax-free. Mr. Baboulène can be contacted for grilling about perks, which include a car, at 10 Richmond Avenue, London SW20 8LA; telephone 01-540 5534 or, for answering service, 01-542 8878.

CJB Offshore sales director

Mr. John W. Holmes has returned to CJB OFFSHORE as a director responsible for sales, business development, proposals and subsea operations. Mr. Holmes has been chief executive of UDI Group since its acquisition by Constructors John Brown. He remains a director of UDI in his new appointment.

★

Mr. P. V. Mitchell has been appointed to the Board of WALTER SOMERS, taking over the responsibilities of production director.

★

Mr. M. K. Pedelty has been appointed as managing director of BRYANS SOUTHERN INSTRUMENTS, a member of the Philcom Group.

★

Mr. Stanley F. Weldon has retired as managing director of CAXTON CHOCOLATE COMPANY. He has also resigned from the boards of the other companies in the confectionery division of ASSOCIATED BISCUIT MANUFACTURERS, namely, OP Chocolate and Bendicks (Mayfair). He is succeeded at Caxton Chocolate by Mr. Michael C. Styles who has been appointed a director and general manager.

★

Mr. Pat Fitzgerald, sales and marketing director, Pillar PG, has been elected president of the PATENT GLAZING CONFERENCE.

★

Mr. B. Middleton has resigned from PULLEN PUMPS and its associated company PULLEX LIMITED. Mr. Peter G. Jones, managing director, now has overall responsibility for general management and sales.

★

Mr. R. G. Holding has been appointed to the Board of BRIAN WOODHEAD AND CO. Mr. Holding joined the company a year ago and was previously manufacturing director of Foster Brothers Clothing Company.

★

Mr. B. R. Hosh, managing director, Griffin Factors, a member of Midland Bank Group, has been appointed chairman of the executive committee of FACTORS CHAIN INTERNATIONAL.

★

SIR WILLIAM BURNETT, timber and plywood importer, has appointed Mr. C. C. Dossetter as chairman and managing director of its subsidiary companies; Mr. W. J. L. French as financial director of the company and financial director and secretary of its subsidiary companies; and Mr. R. L. Hopwood as sales director of Sir William Burnett (Timber).

★

Mr. T. L. F. Royle, a Board member, has been appointed group managing director of HOGG ROBINSON GROUP.

★

Mr. Peter F. Willmer has been appointed deputy director of car and truck engineering, administration and control for TALBOT at Whitley.

★

Following re-organisation of the subsidiary electronic components companies within the Dubilier Group, Mr. Chris Bean has been appointed managing director of the newly-formed DUBILIER COMPONENTS.

★

Mr. D. C. Latimer has been appointed to the Board of BUNZL PULP AND PAPER, as group services director and will continue as company secretary. Mr. J. Faragu a member of the Board, has been appointed group development director. Mr. T. J. P. Sanders, the group's strategic planner, has been appointed to the Board of Bunzl Finance. Mr. D. P. Gowlon has transferred to Coated Specialities as marketing director. Mr. R. L. Phillips, general manager, Scarborough, is being transferred to Friendly Hense, initially for secondment to the strategic planning team. Mr. J. Storey is appointed a director of Bunzl Adhesive Materials and from August 1 becomes general manager, Scarborough.

At BUNZL ADHESIVE MATERIALS (IRELAND) Mr. A. Kenneally has joined the company as company secretary and financial controller in succession to Mr. B. Moran who has left the company.

★

The Industry Secretary has appointed Mr. Albert E. Frost to a part-time member of the BRITISH STEEL CORPORATION for three years from July 11.

★

Mr. A. E. Troop has been appointed regional director, MIDLAND BANK, Eastern region, from September 1. He succeeds Mr. M. L. F. Dwerryhouse who is retiring.

★

GOODYEAR TYRE AND RUBBER COMPANY (GREAT BRITAIN) has appointed Mr. E. E. Culler as chairman and managing director. From August 1, Mr. Culler replaces Mr. W. Hansen who is being re-assigned.

★

Mr. Erik Herrmann, chairman of Stal-Levin, has been appointed managing director of the company's Swedish-based parent group, STAL REFRIGERATION AB. Mr. Herrmann takes over from Mr. Ivar Brandin, who has retired.

★

Mr. Andrew Margolis has been appointed executive director of LION MICRO COMPUTERS.

★

Mr. James Taylor-Dickson has been appointed a director of ANTHONY WIELER AND CO.

★

ATLAS PHOTOGRAPHY has appointed Mr. Geoff Banks a director.

★

Professor Michael Wise has been elected to succeed The Lord Hunt of Llanfair Waterdine as president of the ROYAL GEOGRAPHICAL SOCIETY.

★

Mr. Geoffrey Heddon Potter, director-general of the Asphalt and Coated Macadam Association, has been elected president of the INSTITUTION OF HIGHWAY ENGINEERS.

★

Following the restructuring of top management at the CARPETS MANUFACTURING COMPANY, Kidderminster, further appointments have been made. Mr. Leo Wilkes, sales director of Gilt Edge Carpets, has become the company's overall sales director with responsibility for both the Gilt Edge and CMC Red Book Carpet brands. The sales side has been strengthened by the appointment of Mr. Derrick Westwood and Mr. Eric Haughtey. The general manager of the newly-formed Carpets International Contracts, Mr. John Lloyd, has been made an associate director of that company.

★

Mr. P. J. G. Burgess (Costain Civil Engineering) has been elected president of the CONCRETE SOCIETY. Senior vice-president (president designate 1981-82) is Sir John Graham.

★

TWINLOCK states that from August 1, Mr. J. H. Murray will succeed Mr. J. H. Stephenson as chairman. Mr. G. H. Goode will become managing director and Mr. K. R. T. Hodgson, a non-executive director, will retire from the board. Mr. C. L. Grove was appointed a director on June 26 with responsibility for overseas subsidiaries and all UK sales services, including warehousing and distribution.

★

Mr. Brian S. Moulding has been appointed managing director of METALRAX (CONVEYORS), a part of the Metalrax engineering group. Mr. Moulding retains his position as managing director of the Metalrax subsidiary Commercial Bearings. Mr. D. Howard Bridge has become a director of Metalrax (Conveyors) and continues as managing director of Metalrax.

★

Mr. Ken Anthony has been appointed engineering director of TEDDINGTON BELLOWS.

★

Mr. Brian C. Carter, previously managing director of TEX ABRASIVES, has been appointed deputy chairman and managing director and becomes chief executive in successien to Mr. Lorence Evelyn-Jones who remains chairman.

TRAVEL

COMPANY NOTICES

PERSONAL

PUBLIC NOTICE

BASE LENDING RATES

A.B.N. Bank	16 %
Allied Irish Bank	16 %
American Express Bk.	16 %
Amro Bank	16 %
Henry Ansbacher	16 %
A P Bank Ltd.	16 %
■ Arbuthnot Latham	16 %
Associates Cap. Corp.	16 %
Banco de Bilbao	16 %
Bank of Credit & Cmce.	16 %
Bank of Cyprus	16 %
Bank of N.S.W.	16 %
Banque Belge Ltd.	16 %
Banque du Rhone et de la Tamise S.A.	16½ %
Barclays Bank	16 %
Bremar Holdings Ltd.	17 %
Brit. Bank of Mid. East	16 %
■ Brown Shipley	16 %
Canada Perm't Trust	17 %
Cayzer Ltd.	16 %
Cedar Holdings	17 %
■ Charterhouse Japhet	16 %
Choulartons	17 %
C. E. Coates	16 %
Consolidated Credits	17 %
Co-operative Bank	*16 %
Corinthian Secs.	16 %
The Cyprus Popular Bk.	16 %
Duncan Lawrie	16 %
Eagil Trust	16 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½ %
First Nat. Secs. Ltd.	19 %
Robert Fraser	16 %
Antony Gibbs	16 %
Greyhound Guaranty	16 %
Grindlays Bank	16 %
■ Guinness Mahon	16 %
■ Hambros Bank	16 %
■ Hill Samuel	§16 %
C. Hoare & Co.	†16 %
Hongkong & Shanghai	16 %
Industrial Bk. of Scot.	17½ %
Keyser Ullmann	16 %
Knowsley & Co. Ltd.	18 %
Langris Trust Ltd.	16 %
Lloyds Bank	16 %
Edward Manson & Co.	17 %
Midland Bank	16 %
■ Samuel Montagu	16 %
■ Morgan Grenfell	16 %
National Westminster	16 %
Norwich General Trust	16 %
P. S. Refson & Co.	16 %
Rossminster	16 %
Ryl. Bk. Canada (Ldn.)	16 %
Schlesinger Limited	16 %
E. S. Schwab	16 %
Security Trust Co. Ltd.	17 %
Standard Chartered	16 %
Trade Dev. Bank	16 %
Trustee Savings Bank	16 %
Twentieth Century Bk.	16 %
United Bank of Kuwait	16 %
Whiteaway Laidlaw	16½ %
Williams & Glyn's	16 %
Wintrust Secs. Ltd.	16 %
Yorkshire Bank	16 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14½%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14½% and over £25,000 14¾%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

هكذا من الأصل

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Why boards are liable to bear new burdens

A. H. Hermann examines the implications of the 1980 Companies Act

FOR THE last two months British company directors have been confronted with a new list of legal liabilities and administrative duties. But to judge from the lack of public discussion, many of them must still be blissfully unaware of their new responsibilities and obligations.

Schedule Two to the Companies Act 1980, which received the Royal Assent on May 1, 1980, lists no fewer than 136 offences or contraventions of which a director of a company can be guilty. The major offences can only be committed when acting in bad faith, but a large proportion can result from negligence, slowness in filing in forms or simply ignorance of the new Act.

It is a detailed and complicated statute, very different from the Bill originally introduced to bring English company law in line with EEC company directives. The major innovations concerning insider dealing and loans to directors have received adequate publicity and will obviously not have been easily overlooked by those concerned. But of much greater impact on the day-to-day running of a business will be the provisions for re-classification of companies, the raising and maintenance of capital, and the declaration of dividends.

Some of the implications of this piece of company law reform are far from obvious, and the British Institute of Securities Law has joined forces with the newly established Centre for Commercial Law Studies to analyse and explain the new Act in detail at a two-day conference being held today and tomorrow at Queen Mary College in London.

For all its detailed provisions, some of which resulted from the 400 amendments tabled during the report stage in the House of Commons, the Act is very much a "halfway house."

The enactment of new disclosure requirements and restrictions on directors was prompted by the many scandals which came to light in the seventies. It details as specific offences and contraventions much that was disallowed before in a general way on the principle that a director must always act in good faith for the benefit of the company as a whole. The more detailed guidance in the new Act specifies only the general rule that a company director must act in a way which an intelligent or honest man in his position would reasonably believe to be good for the company.

All in all, the Act is a remarkably comprehensive exercise on the theme of conflicts of interest between directors and shareholders (including potential shareholders), between majority and minority shareholders, and between shareholders and employees.

It falls short of law reform projects which envisaged institutional changes intended to help prevent irregularities. It has no provisions for special supervisory functions for non-executive directors: it did not make audit committees obligatory, and it did not create a new authority to watch over the behaviour and efficiency of management.

In the absence of structural changes within the company, and with no more than the rather cumbersome instrument of control represented by the Department of Trade inspectors, it is questionable whether the disclosure requirements, and the threat of fines, are enough to keep companies out of mischief.

Such detailed rules of behaviour may prevent the occasional slip of those ready to take the opportunity when no one is looking. But for the vast majority of company directors who are honest without compulsion, the new Act will only increase the burden of having to write such things as disclosure reports and filling in forms. The determined and skilled crooks will hardly be deterred: for them the new rules will only be a challenge to find new loopholes and devise new schemes.

The new Act has only timidly moved toward the broad concept of a business company as an institution in which not only shareholders but also employees and consumers have an important stake.

It changes nothing in the fundamental rule that the director must to the best of his knowledge and skill, act in the interests of the company, which

"... and this is where they look for loopholes in the new Companies Act"

so far has been taken as being synonymous with the interests of shareholders. But the concept of what is in the interests of the company is now somewhat broadened by Section 46 of the Act, which requires directors to have regard to "the interests of the company's employees in general as well as the interests of its members."

Having taken this step forward in subsection (1) of Section 46, the Act retreats at least half a step back in subsection (2) which says that the duty to have regard to the interests of the employees as well as of the shareholders is owed by the directors to the company alone, and "is enforceable in the same way as any fiduciary duty owed to a company by its directors." This provision will, no doubt, make it easier for those boards which wish to take the interests of their employees into account by protecting them against actions brought by irate shareholders; but it remains an open question whether, and how, the duty to do so can be enforced by the employees.

If a company is the subject of a Department of Trade investigation, the inspectors may well point out any failure on the part of the directors to take account of the interests of the employees, but this would be bolting the stable door after the horse had gone.

In English law, only persons to whom a duty is owed can sue in respect of the wrong done by someone else, and subsection 46(2) of the new Act is very emphatic in its statement that the duty is owed by the directors to the company.

Taking a static view of the law one could conclude—and some company lawyers have gone on record to this effect—that only shareholders can sue the directors to enforce their obligations towards employees. It follows from this that an employee could sue only when disguised as a shareholder.

Those who believe that nothing will change view Section 46 as nothing more than Government propaganda, though they acknowledge that under certain circumstances the threat of publicity following from a legal action taken by an employee-shareholder could impress the directors.

But one can also take a longer view. If and when it becomes generally accepted that "the company" includes its employees and these are represented, either by consultative bodies or by worker-directors, the courts may take a different view and allow actions to be brought by employees or their representatives even if they are not shareholders.

Proceeds

More specific provisions for the benefit of employees of a company or any of its subsidiaries are contained in Section 74 of the new Act. This was included to reverse the decision in *Parke v. Daily News*, when the court prevented the Cadbury family from distributing to redundant employees the proceeds from the sale of the News Chronicle and the Star.

Like Section 46, Section 74 is only an enabling provision; it merely permits payments to be made but does not say that provisions for the benefit of the employees must be made. Incidentally, the new possibility for provision to be made for redundant employees of a subsidiary is another step towards removing the fiction of legal separateness of the companies in a group.

The Act is also designed to regulate conflicts of interest between the company and its directors. It requires disclosure of substantial contracts and directors' interests in them; regulates, and either excludes or limits the granting of loans by the company to its directors, and protects the company against excessively long and irrevocable service contracts with the directors. These conflicts of interest are defined so as to include not only the business of the company, but also that of its subsidiaries.

Finally, the Act brings English company law into greater harmony with developments on the Continent by providing greater protection for minority shareholders. It is intended to make access to the courts easier for minority shareholders who feel oppressed or harmed by the majority. In doing so it incorporates the recommendation made by the Jenkins Committee on company law as long ago as 1962.

On the whole it can be said that the new Act advances English company law only very cautiously, giving a seal of approval to what well-managed companies were doing anybow, and what in respect of employees most companies had to do anyway in order to live with the trade unions.

Further advance is left to the discretion of individual companies. Boards are free to choose their own organisational arrangements and to appoint outside directors or to set up audit committees if they wish. The Act also gives them carte blanche to experiment with new forms of consultation between employees and management. It is in their own interest that they should do so.

How managers can avert a race war

BY JOHN LLOYD

FORECASTS of a serious crisis in race relations in the UK have become more portentous in recent months, as the worsening employment figures, especially among the young, hit the black communities disproportionately hard.

The Government has made it clear that it can do little to prevent the figures rising to 2m, and beyond. It is timely, then, for a report* to be published which reminds British management that it should take on responsibilities in this area, too.

The report, "Learning from Uncle Sam," written for the Runnymede Trust by David Wainwright, compares UK concern over ensuring that black workers get a reasonably equal chance with the practice in the U.S., and finds the UK's performance lagging in every respect.

The objective, says Wainwright, is to increase the number of blacks and other ethnic minorities employed in any company to the levels roughly proportionate to their appearance in the labour force.

David Wainwright accepts that the two countries have different traditions and histories in assimilating other ethnic cultures; but says that "equal opportunity in employment is an objective of both societies . . . in both countries public and private organisations have to respond to this objective and they have similar problems in managing the changes in behaviour required to meet it."

The major feature of U.S. practice is the vigour with which the federal government has pursued the equal opportunity goal. The U.S. Equal Employment Opportunities Commission was established to implement the Civil Rights Act of 1964. Together with the Justice and Labor Departments and the Office of Federal Contracts Compliance it monitors progress in the employment of ethnic minorities, and can and does take action if guidelines are not followed.

A spectacular example of these agencies' effectiveness was the $31m which various steel unions agreed to pay to nearly 35,000 blacks and "Spanish-surnamed" employees against whom discrimination had been practised in the 1960s. Once it became clear that the Government was prepared to penalise companies if they did not implement an equal opportunities commitment, then others quickly took steps to come into line.

Says Wainwright: "Perhaps the development of vigorous enforcement agencies with long-term strategic aims, and militant black pressure groups, made some organisations change because they feared the alternative of costly court actions or demonstrations and economic boycotts from black groups. Perhaps other organisations considered it in their interests to appear to be part of the general move to change.

"Whatever the difference in the motives for change, activity to achieve equal opportunity in employment is more impressive at every level in the U.S. than our efforts in the UK."

On Wainwright's own evidence, that appears to be an understatement. Few companies, if any, keep records which measure change in ethnic employment profiles. Local community relations commissions also find most employers unwilling to pay more than lip service to equal opportunity schemes.

The problem is simply not perceived; or if it is, it is not regarded as being relevant to one company, he says.

The point might be made, though Wainwright does not expand on it, that a country like the UK, lacking the tradition of ethnic politics which has been endemic to the U.S. since the time when its black population was still enslaved, finds it difficult to adopt a similar practice in the workplace. British managers would no doubt insist that employment and promotion should be on merit and suitability, and that these criteria are colour-blind. This view can scarcely be called discriminatory, though its effects may appear as such.

The report recognises that there may well be substantial reluctance on the part of UK managers to admit there is a problem; its main prescription is thus a modest one, though capable of leading to more radical changes later. The author argues for the collection of evidence, both as a means of convincing executives that there is a job to be done and to serve as a tool for doing that job.

"Preliminary studies of the organisation's situation will not provide any data on attitudes or on its policies and procedures. There will be no solid evidence of discrimination in employment and advancement. Nevertheless after a few weeks' study, the organisation could have an analysis of equal opportunity that is about 80 per cent accurate in identifying areas requiring further investigation."

Two kinds of evidence should be collected: first, a classification of the workforce to identify all functional and administrative units, and all job titles and seniority levels. It should then be determined what the distribution of each ethnic group is in these units and levels.

Second, the findings of the workforce classification should be matched with a population index showing the percentage of ethnic groups in the population, or in the surrounding area.

"One can hope," concludes Wainwright, "that British managers will use the experience of the U.S. because they can see positive social and economic advantages in equal opportunity programmes. If positive incentives do not work, perhaps the legislators and the minorities themselves will conclude that they must use the U.S. experience because managers will not."

The conclusion has a hidden, sharp edge. In the U.S. some minorities formed militant groups (which in the late sixties were often armed) and this inspired change by fear. The extremists assume that will happen anyway; managers might have a part to play in proving them wrong.

* *Learning from Uncle Sam by David Wainwright, Runnymede Trust, 62 Chandos Place, London WC2N 4HG, £1.50.*

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● CONSTRUCTION

Mobile cement silo

DEVELOPED FOR use on small to medium-sized construction sites is a mobile 20-ton cement silo on its own integral trailer for transporting behind a towing vehicle. It has been launched by Pontasilo, Huntington, York. (0904 24872).

It is transported in a horizontal position and, when delivered to the site, is raised into its vertical working position by a one-man operated winch. It is held safely in position throughout its operation (during which it will withstand winds of up to 100 mph) by two securing pins and pivoting legs.

To be supplied at first with the Pullwey Mechanical Cement Man, the design gives optional alternatives of screw conveyors and Powerweys for sites where power is available.

Trailer has all necessary towing requirements, says the company, including towing eye, telescopic jockey wheel, overrun brake and mandatory lights with seven-pin plug for connection with the towing vehicle.

Immediate benefit is cost saving because the mobile silo can be easily transported from site to site. Its trailer conforms absolutely with all UK towing regulations and is fitted with towing eye, telescopic jockey wheel, overrun brake and mandatory lights.

Fully self-contained, the unit can operate in minimum space and is compact for stowage and transporting.

Standard features include telescopic jacking legs, heavy duty purpose-built chassis, 336lb Pullwey, chassis towing hitch, silo filler pipe with unicone tanker connection, silo access hatch, ladder with top safety hoop, standard filter sock and hand agitator fitted to the silo cone.

Maximum towing weight is about 43 cwt.

Breaks up compacted soil

WHAT IS claimed to be a revolutionary method of breaking up the deep layer of hard compacted soil formed on land under intensive cultivation, or regularly traversed by heavy vehicles and machinery, has been developed by Carl Kaelble, of Backnang, West Germany. It is introduced to the United Kingdom market by Tydactol Plant as sole agents.

Known as the Kaelble TLG 12 deep soil melioration system, it is said to loosen and break up compacted soil to a depth of more than one metre without burying the vital topsoil, as often happens with conventional deep ploughing.

The system is based on vibrating tines drawn by a Kaelble bulldozer. As the tines are pulled through the soil they vibrate in a vertical direction, breaking up the compacted layer without changing the level of the topsoil.

If a tine meets a boulder or layer of rock it lifts automatically until the obstruction is cleared. When the unit is linked to a rotary cultivator it is claimed that the soil can be loosened, harrowed and sown simultaneously.

Details from the UK agent, Tydactol Group, 2 Fitzroy Close, Highgate, London N6 6JT (01-348 4257).

Awards for safety

OPEN TO any organisation working in building and civil engineering construction within the UK are Contract Journal Safety Awards sponsored by IPC Building and Contract Journals in co-operation with the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors.

Awards will consists of a trophy (*to be retained by the* winning organisation for a year) and a plaque, to be held as a permanent record of achievement. A plaque and prize will also be presented to the safety officer or person supervising safety within the organisation.

Entry forms from Contract Journal Safety Awards Scheme, Surrey House, 1 Throwley Way, Sutton, Surrey.

Closing date for receipt of entries is September 1.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

Asbestos removed safely

AN electrically-driven vacuum plant, designed specifically for critical asbestos removal work has been developed by Envirocor, Bird Street, Lichfield, Staffs (Lichfield 52335). The unit is stated to be capable of pulling asbestos and other toxic substances from work areas up to 100 metres distant and depositing the waste into vacuum tight skips to which it is linked.

Contaminated air, having passed through the skips, enters the machine's filtration system, the first stage of which is a large area primary filter. This filter does not have to be removed for clearing and it automatically "de-dusts" and recirculates the dust back into the sealed skips.

The machine automatically de-dusts every four minutes without stopping and the filter does not have to be removed on site; element replacement at the end of its life is carried out in a special decontamination chamber at the company's depot.

After the first stage primary filtration, during which the majority of fibres are retained, air is passed through a final filter. This multi-stage unit, again totally enclosed within an easily removed filter unit, ensures that exhausted air leaving the system is safe.

The seven stage centrifugal blower of the plant is driven by a 60 hp electric motor operating from a standard 80 amp, 3-phase 415v supply.

The equipment weighs 4.5 tonnes, is 3.5 metres long, 2 metres wide and 2.5 metres high. It may be skid mounted or fitted with off-highway undergear and has been developed primarily for the company's own use. However, the latter says it will undertake hire contracts with other reputable asbestos removal contractors.

Hygienic floor material

ENVIRONMENTAL conditions must be entirely clean and dust-free to satisfy regulations laid down by the Health and Safety at Work Act, and meet the stringent standards in force at the Chiswick factory of linen hirers, Initial Services, says Roadcoat, Brookside, New Road, Ascot, Berks (03447 34553).

Latter company has just laid a 2 mm thick 4 epoxy resin floor at Initial's new distribution and service depot where 60 staff including drivers, check in soiled towels and garments which are subsequently sent to the process plant for laundering, then returned to the Chiswick complex for distribution.

The concrete screed surface of the floor was mechanically ground, blown clean, then impregnated with Roadcoat's own "Groundcoat" primer—a solvent-free primer said to have very good penetrating characteristics.

A light industrial duty Roadcoat 4 epoxy resin coating was then trowel applied to form a smooth, impermeable 2 mm thick floor which is easy to clean and will withstand the passage of loaded trolleys.

● PROCESSING

Advice for resin users

MULTI-PART resin systems, including epoxies, polyesters, urethanes and others are safer and more reliable in ultimate performance when processed via mixing, metering and dispensing machines. Many users have already come to the realisation that some machines are better at dispensing certain resins than others. But in the past no supplier has been able to provide the user with both the machine for handling the resin and expert advice on the resin itself.

Polymer Equipment has been set up by Donald Macpherson Group to do just that. It proposes to offer a range of resin-handling machines from a number of different manufacturers, plus expert advice on which machines to use for different resins.

A number of different tried and tested packages will be made available for particular applications, incorporating a machine for dispensing the resin together with information on which resin is best for the application, and which suppliers can meet user needs.

Since the passage of the Health and Safety at Work Act in 1974, concern has often been expressed over the safety of processing resins—particularly isocyanate based systems—and many users are looking at methods of automating production lines.

Metering, mixing and dispensing machines minimise the health hazards associated with resin handling by eliminating skin contact, confining fumes, and in addition reducing material wastage and "clean-up" time.

Polymer Equipment, Crispin Place, Kettering, Northants NN16 8SP. 0536 519300.

● COMMUNICATIONS

Big screen shows the details

BROCKS Multi-Beam Communications Systems has been set up by Brocks Group to revelop and sell large-screen projector equipment for business or public information, marketing, medical or technical instruction, public and domestic entertainment, and data-processing applications.

There are two product ranges: Advent Video-Beam and Electrohome Data-Beam. Video-Beam gives colour and mono reproduction direct from camera, BBC or ITV television, video-cassette, and computer; Data-Beam is claimed to be unique in presenting display information directly from a a computer system on to a large screen.

The curved screens, which have reflecting surfaces, are designed to give improved viewing in bright ambient light and are available in 5 ft, 6 ft and 7 ft (diagonal measurement) sizes. Front or rear projection can be arranged.

A practical advantage claimed for the system in instruction work is that the teacher can concentrate the students' attention on one focal point on the large screen rather than on individual visual display units.

The equipment is designed to synchronise with most screen-based computer terminals. Brocks is prepared to design interface devices for non-standard computer terminals where required.

Full details from Brocks Multi - Beam Communications System, Fleets Lane, Poole, Dorset (02013 4641).

● POWER

Keeps the water flowing

IN A REGION where summer temperatures can soar above 45 deg. C Qatar has one of the highest consumption rates of water in the world. To meet the demand for drinking water —estimated at 100 gallons per day per household, as opposed to the equivalent figure of 30 gallons per day for a European household—Qatar is investing heavily in a water supply and distribution system.

The country has almost no surface water, so drinking water has to be obtained from desert wells and from massive seawater desalination plants at Ras Abu Fontas and Ras Abu Aboud. When all eight distillers at Ras Abu Footas are in operation, the combined output will be around 32m gallons a day—enough to meet domestic and industrial demand.

The distillate will be transferred by pipeline to newly built reservoir complexes, where it will be blended with well water, sterilised, and pumped to elavated storage tanks and water towers around Doha.

The computerised telemetry systems for this are to be supplied by Westinghouse Brake and Signal Company and will utilise the company's Wesdac data acquisition and control system. To ensure that the telemetry and control system is not vulnerable to the effects of mains electricity failures or short-term transients, Chloride Standby is to supply a Transipack computer grade static uninterruptible power supply to power the complete control centre system.

For maximum operational security, the complete Wesdac telemetry system is duplicated, including the computers (DEC PDP11/34). Each system will be powered by its own dedicated Transipack UPS equipment, which will provide mains conditioning, and in the event of a complete mains failure will continue to provide uninterrupted AC power for the on-line computer and associated equipment for more than two hours under full load.

This emergency AC power facility is vital to the safe operation of the water supply and distribution system. It means that in the event of a prolonged power blackout, there is sufficient time to shut down the system in an orderly manner, leaving plant in a safe condition.

The Chloride UPS systems are each rated at 10kVA. They consist of a rectifier/charger that supplies the input power for the high reliability static inverter, and also float-charges the nickel cadmium storage batteries. Each static inverter is connected to one of the computer systems.

When installed and commissioned, the computer control centre and static UPS systems will be located in a newly built control centre on the outskirts of Doha.

Chloride Standby Systems, Power Systems Division, William Street, Southampton, S09 1XN. Telephone 0703 30611.

● INSTRUMENTS

Has audible alarm

ELECTROSTATIC LOCATOR with built-in audible alarm is announced by Teknis, Teknis House, Meadrow, Godalming, Surrey (Godalming 5432).

Called the Stati-Control 103, it is preset to 50 v/cm (correct for most static-sensitive device applications) and is equipped with an LED to indicate on/off. Its clearly audible bleep is triggered when the instrument locates an electrostatic charge and it can also be used to indicate negative or positive polarity.

This portable, compact instrument will give 150 hours continuous performance from two pen-light batteries and is available in the UK at £39.50 with discounts on volume orders.

● COMPUTERS

Getting the right exposure

THE IDEA behind a purpose-built desk top printing calculator from Kodak to be made available in the UK in a few months' time is to enable process camera users to consistently obtain final printed press results regardless of changing variables and without multiple exposure tests.

Known as the Data Centre Q-700, the unit is essentially a Texas Instruments T159 calculator and PC 100C silent printer with a solid state software/data module that can be plugged in and magnetic strips, recorded from the keyboard, that are used to enter particular shop variables.

The module provides calculations for seven important photographic processes: copy scaling, filter selection, chemical mixing, dot area to density conversion, camera exposure adjustment, density exposure adjustment, and black and white half-tone negatives.

Kodak claims that these seven programs put graphic arts photography on a precise numerical control basis rather than an empirical one. After basic parameters have been set, the unit always provides the right exposure.

Half-tone work can be closely monitored for consistency; precise exposure and adjustments to improve poor copy can be easily calculated. Close control of tone reproduction by accurately placing the 50 per cent mid-tone dot takes a matter of seconds and eliminates the necessity for repeated test exposures and complex calculations.

More from Kodak, PO Box 66, Station Road, Hemel Hempstead, Hertfordshire HP1 1JU (0442 61122).

● PUBLISHING

Data for innovators

A FORTNIGHTLY news bulletin has been introduced by the National Technical Information Service of the U.S. Department of Commerce which it is believed will be of benefit to all those concerned with the introduction of new products and the application of new technology.

Entitled Information for Innovators, the bulletin selects items representing the cream of some 2,500 primary source documents gathered by the NTIS and entered into its machine-readable database every two weeks.

Among the 20 or so new items reported in each edition will be developments in energy, transport, communications, agriculture, materials, electronics, computers and many other areas. The data is not restricted to U.S. sources.

More from NTIS P.O. Box 3, Newman Lane, Alton, Hampshire GU34 2PG.

LOMBARD

Counter-advice: a growth industry

BY ANTHONY HARRIS

IT IS an old joke among economic forecasters that if you want light on what is happening to the real economy, you should ask the Bank of England, but if you want to understand the workings of the monetary economy, the Treasury has the best model. Most jokes of this kind need to be taken with a generous spoon of salt, and should not on the whole be repeated to those directly involved. Somehow they seldom find them funny.

It was with some trepidation, then, that I brought this up with a Treasury official recently, and I was surprised as well as relieved when he responded with the best of good humour.

Arguments

"It's what you ought to expect, really," he explained. "After all, the time you really need your house experts is when you are involved in an argument—and then you need advice on how to counter the arguments coming from the other side. So we spend a lot of time on our financial model, and they spend a lot of time on the real economy."

This is one of those arguments which sounds perfectly reasonable until you think about it; but when you realise how unreasonable it is, it suddenly acquires a considerable power to explain things.

If this is a generalised game throughout Whitehall—and I hastily disclaim any knowledge outside my own field—it might be quite an effective way to cut public expenditure. The defence experts at the Foreign Office would be able to prove the futility of the new troop and equipment disposals proposed by the worried foreign policy analysts at the Ministry of Defence, while the transport economists at the Department of the Environment satirised the road developments thought strategically necessary by the Ministry of Transport's forecasters of future population movements. Certainly the Treasury's public expenditure division has always boasted a strong line in counter-expertise, whose memoranda on subjects like Concorde would restore the reputation of the Civil Service for sound judgment were they ever published.

However, in matters of fiscal and monetary policy, I am not so sure that the system leads to what could be called creative tension. The issue here is not expenditure, but management, and experience suggests that as more and more economists have been recruited, the system has become intellectually muscle-bound. One odd result has been to restore the freedom of Ministers to make policy, a natural result where every piece of official advice can readily be neutralised with counter-advice. In democratic terms, this is no doubt a good thing, and even the civil servants concerned seem to find it rather refreshing. However, what policy may have gained in terms of strong central direction it does sometimes seem to have lost in technical finesse.

It is easy enough to imagine how some of the major policy errors of the present Government have come about—though what follows, I should stress, is pure fiction. The Chancellor, newly installed and preparing a Budget in a hurry, would in his innocence tend to turn to the apparently relevant experts for advice.

Manifesto

Does Threadneedle Street think that we can finance the borrowing requirement which will result if I go ahead and cut taxes, as per manifesto? Funny you should ask that, Chancellor. Our Mr. Taylor and Mr. Threadgold have just drafted a paper showing that if you do proper inflation accounting, there's no such thing as the borrowing requirement.

Meanwhile, down the corridor, yet we have a note on what raising prices through VAT will do to the effect of our monetary targets? Of course, Sir; we've just finished some interesting work on the corporate sector's cash flow, and it turns out it would actually help.

And so it continues, no doubt. I have just learned of a profound study in the Bank of the real cost of servicing fixed-coupon gilts on various inflation assumptions. But what about the monetary cost, and its implications for inflation? Not a word. Counter-intelligence is all very romantic, but there is still a good old saying: cobbler, stick to your last.

Dry types from the Danube

WINE

BY EDMUND PENNING-ROWSELL

THE AUSTRIAN wine regions are broadly divided in two by the Danube: to the north, in Lower Austria, the steeply terraced Wachau and the extensive, rolling vineyards of the Weinviertel; to the south the large area of the Burgenland and the tiny, split-up wine districts of Styria.

To these must be added Gumpoldskirchen, for though administratively it is part of Lower Austria, viticulturally it belongs to the southern sector. Then must be mentioned the few hundred hectares of vines around Vienna, which mostly find their way to the taverns in the city suburbs. Nearly always sold very young, they are of more interest for the ambience in which they are quaffed than for any special distinction.

In writing here first about the northern wines, it is necessary initially to mention the grape varieties grown not only there but throughout the country, for with some exceptions they are much the same. Eighty-five per cent of Austrian wine is white, and the basic variety, native to the country, is the Grüner-Veltliner which accounts for about one-third of total production, and typifies Austrian wine.

As its name rather implies it provides a fresh, rather green wine, with a smoky aroma described to me as a "cigar nose." It is markedly pale in colour, as indeed are most young Austrian whites, has a strong acidity, and is admirably suited for summer drinking. However, unlike, for example, Muscadet, a wine not dissimilar in style, it can improve with age in bottle, and shed some of its greenness. A '73 *Spätlese* that I sampled in a Wachau cellars had certainly developed more colour, flavour and roundness, while still very dry.

The next most planted vine is the Müller-Thurgau. Then comes the Welsch or Italian Riesling, which in fact is not a Riesling at all, but in Austria can produce excellent wines, particularly among the astonishingly luscious Burgenlanders. Many of the grapes employed in Germany will be found in Austria too, notably the Weissburgunder (Pinot Blanc), Traminer, Muscat and Rhine Riesling. The reds usually come from the Blauer Portugieser and Blaufränkisch, which make wines acceptable in a white wine country but not of great character.

Of the white grapes there is no doubt that the Riesling (Rhine Riesling) produces the best dry wine, although on account of its preference for poor, stony soil and its relatively low yield, it represents only a tiny proportion of total output. Wine-knowledgeable Austrians nearly all prefer Riesling wines above the others, and in my experience, the best are produced by a small number of dedicated producers on the Wachau terraces that begin at Spitz, some way downstream from the splendid abbey of Melk, and finish within sight of another monastery, the even more dominating Göttweig, opposite Krems, and which itself produces a good Riesling in its own vineyards.

Krems itself is just outside the Wachau, and so is Langenlois, a few miles to the north, where in rolling country rises the large hill of Heiligenstein, whose granitic terraces are eminently suitable for the Riesling.

The most distinctive feature of all fine Austrian white wines is that they are completely fermented out, and so are dry, sometimes to the point of austerity.

Those coming to such wines may have to, as it were, adjust their palates. For although the grape varieties and even the shape of the bottle may suggest that they are similar to German wines, this is not so except for the new *trocken* wines that recently have become fashionable among weight-watching Germans.

This marked dryness applies less to the lower quality and to the blended wines, where some sugar is retained or added, but wines of *Kabinett* level (not always sold as such) will be "natural," and sophisticated Austrian amateurs enjoy their elegance and look down on equivalent quality German wines that have been sweetened with unfermented grape juice (*süss-reserve*).

This somewhat severe style is considerably softened if the wines are allowed time to develop, but Austrians like their wines young and fresh, and the growers, for obvious financial reasons, sell nearly all their stocks within a year or so of the vintage. Yet it is generally agreed that the Riesling needs up to six years to mature, and one distinguished Wachau grower said that to be at its best a Riesling should be at least a *Spätlese*. The *Auslese* Rieslings can be even finer, with a delicious bouquet, and a roundness and even richness not to be found at *Kabinett* level.

On the spot I drank some delicious single-vineyard '69s and '71s. Other good recent vintages for all Lower Austria whites are '73, '75 and '77, while it is suggested that '79 may turn out as well as the fabled '47—if it is allowed to do so.

All the other wines made from white grapes, including the Grüner-Veltliner and Traminer, improve with some bottle age, but not much can be expected of the poor '78s, plentiful just now in the country.

The wines in and near the Wachau are Austrian aristocrats, but excellent medium and low-priced wines are made in the Weinviertel that stretches from the Danube to the Czech frontier.

There are two main districts: Retz and Falkenstein. The former is notable for its Grüner-Veltliners; the latter devotes a lot of vineyard area to the Welsch-Riesling, though a wide variety of grape varieties are employed in both, and Retz is now increasingly planting black grapes, so that within a few years hence it will become a 50 per cent red wine area.

In these bare, downland-like vineyards one does not look for top quality wines, but they account for one-third of Austria's total vine area of 56,000 ha. For the most part they are what the Germans call "quality" wines, which means that they are sugared, quite legally, at the fermentation, which will then be stopped in order to retain some marginal sweetness. There is unfortunately a surplus of wine in these parts, largely as a result of over-planting. Most of the growers sell direct to the consumers and to restaurants, although a good deal of wine is made by the co-operatives.

An extraordinary feature of the numerous wine villages is *keller-gasse*, a cellar lane, on each side of which cottage-like frontages lead to cellars dug into the sandy hillsides, almost as if they were rabbit burrows. A single village may contain 200 of these, and the charming town of Retz, home of an important wine school, covers ten miles of cellars dating back to the Middle Ages.

The best foreign customer for these Weinviertel wines is Germany, but there should be a market for them in Britain now, especially in view of the trend towards dry white wines. Judging by prices given me they are not expensive, although, of course costly overland transport would only be economical for large quantities.

For the top quality dry wines, it may be necessary to search them out in Austria itself, for the wines of the specialist producers are much sought after by private and restaurant clients. Ex-cellars they are not at all expensive, but with taxes totalling 42 per cent of the basic cost they do not look so cheap at consumer level, especially in some restaurants where the mark-up is excessive even by British standards. However some excellent open wines can be found in the celebrated *heurige* of Vienna, among them the Esterhazy and the Albertina.

A further article will deal with the wine districts in the southern half of the country.

Folkestone demands experience

RACING

BY DOMINIC WIGAN

FOLKESTONE is not the easiest course in the country to ride, and the more experienced of the 15 amateurs competing in the Friends of Folkestone Amateur Riders Handicap will be at a notable advantage over the remainder.

Two of the most accomplished amateurs in action here are Franca Vittadini and Ray Hutchinson, whose respective mounts, Rose Track and Handy Dancer, have the form to merit the closest scrutiny.

Rose Track, a useful performer when trained by Vittadini's close friend and fellow countryman, Luca Cumani, two seasons ago, has recently made the short trip to James Toller's nearby Wellbottom Lodge after just one outing last season. A sturdy gelding who completed a hat-trick on his final outing of 1977, Rose Track will be well suited as any by further rain.

Handy Dancer, who has the short trip from Guy Harwood's Pulborough stable which picks up so many minor prizes here, opened his account in emphatic style at nearby Brighton on June 24. There Hutchinson's mount stayed on far too strongly for Leporello in the Lewes Stakes. A progressive and lightly raced filly by Green God out of the two-year-old winner, Miss Gnlightly, Handy Dancer is preferred to Rose Track.

With Ian Balding's good apprentice, S. Payne, able to claim all but 2 lbs in weight of his 7 lbs allowance, Bon Voyage has a bright opportunity of notching a double with a win in the Lyminge Handicap carrying 7 st 2 lbs. The Kingsclere filly, a close third of 11 runners on this course 11 months ago, is another to have broken her duck recently. An hour after Handy Dancer won Brighton's Lewis Stakes by three lengths Bon Voyage landed the Montpellier Stakes there with even more authority.

Sir Mark Prescott, attempting to beat Nagwa's record of 13 wins in a season with Spindrifter, looks to have found the right opportunity for Ultra Vires. John Baillie's High Line filly is a reasonably confident choice for the Faversham Stakes.

FOLKESTONE
1.45—Bon Voyage*
2.45—Handy Dancer**
4.15—Ultra Vires***

PONTEFRACT
3.00—Sanion
5.00—Mirthful

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.30 Royal Celebration: In honour of the 80th Birthday of HM Queen Elizabeth The Queen Mother. 12.35-1.10 pm Midday News. 1.30 Trumton. 1.45 Cricket: Third Test—England v West Indies. 4.13 Regional News for England (except London). 4.15 Play School (as BBC2 11.00 am). 4.40 Battle of the Planets. 5.00 John Craven's Newsround. 5.10 Ask Aspel. 5.35 Fred Basset.

5.40 Evening News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Royal Celebration (edited recording).
7.20 The Tuesday Film: "The Dove" starring Joseph Bottoms.
9.00 News.
9.30 The Wooldridge View.
10.30 Sports Special: Royal International Horse Show and International Athletics from Oslo.
11.55 Weather/Regional News.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES—1.30-1.45 pm Heads and Tails. 5.10-5.40 Yr Awr Fawr. 5.55-6.20 Wales Today. 7.20 Heddiw. 7.40 Arall Fyd. 8.10-9.00 Baseball: Wales v England (highlights). 11.55 News and Weather for Wales.

Scotland—9.30 am Noah and Nelly. 9.35 Jackanory. 9.50 The Perils of Penelope Pitstop. 10.10-10.30 Take Hart. 1.30 pm Scottish News. 1.35-1.45 The House that Joe Built. 5.55-6.20 Reporting Scotland. 11.55 pm News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Playschool.
11.25-1.00 and 3.55-6.05 Cricket—Third Test: England v West Indies.
6.05 Open University.
6.55 Dallas.
7.45 Mid-Evening News, including sub-titles.
8.00 Out of Court.
8.35 My Music.
9.00 Spike Milligan in Q9.
9.30 The Enigma Files.
10.20 Rugby Special: South Africa v The British Isles (highlights of the Fourth Test).
10.50 Newsnight.
11.35 Cricket: Third Test, highlights.

LONDON

9.30 am Wilkie on Water. 10.00 Cockleshell Bay. 10.10 Pipkins. 10.30 Eighty Gracious Years: The Service of Thanksgiving at St. Paul's Cathedral celebrating the 80th birthday of the Queen Mother. 12.30 pm The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon Plus. 2.45 General Hospital. 3.45 Tell Me Another. 4.15 pm Under the Same Sun. 4.45 Extraordinary. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 "Destination Inner Space" starring Scott Brady.
8.30 Eighty Gracious Years (highlights).
9.00 Love Among the Artists.
10.00 News.
10.30 Only in America.
11.30 The New Avengers.
12.25 am Close: Personal choice with Reginald Bonsaquet.

All IBA Regions as London except at the following times:

ANGLIA
12.30 pm Against the Wind. 1.20 Anglia News. 2.00 Houseparty. 2.25 Chopper Squad. 3.20 Doctor Down Under. 5.00 About Anglia. 7.00 Enterprise. 7.30 Charlie's Angels. 11.30 Rush. 12.30 am Christians in Action.

ATV
12.30 pm Against the Wind. 1.20 ATV Newsdesk. 4.15 After Julius. 4.15 Madeline. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 11.30 ATV Newsdesk. 11.35 S.W.A.T.

BORDER
1.20 pm Border News. 5.15 Alright Now. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.30 Dan August. 12.25 am Border News Summary.

CHANNEL
12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Spiderman. 6.00 Report At Six. 7.00 All Gemini—Man of the North. 7.30 The Incredible Hulk. 10.28 Channel Late News. 11.30 Kaz. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN
9.25 am First Thing. 12.30 pm Against the Wind. 1.20 North News. 6.00 North News and Area Weather Forecast. 5.15 Fantace. 7.00 Tuesday Comedy: "Mutiny on the Buses" starring Reg Varney, Doris Hare and Michael Robbins. 11.30 Reflections. 11.35 The Streets of San Francisco. 12.30 am North Headlines.

GRANADA
12.30 pm Against the Wind. 1.20 Granada Reports. 4.15 The Undersea Adventures of Captain Nemo. 5.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 Tuesday Premiere: Ernest Borgnine in "Future Cop." 11.30 Fireside Theatre.

HTV
1.20 pm Report West Headlines. 5.15 Poor Little Witch Girl. 5.20 Crossroads. 6.00 Report West. 6.30 The Tuesday Movie: "The Battle of the River Plate." 11.30 What's on Next?

HTV CYMRU/WALES—As HTV West/HTV General Service except: 10.00-10.20 am Ffalabalam. 1.20 pm Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Bywyd. 11.15 World in Action. 11.45-12.15 What's on Next?

SCOTTISH
1.20 pm News and Road and Weather. 2.45 After Julius. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today and High Summer Extra. 6.30 The Steve Jones Programme. 7.00 Survival. 7.30 240 Robert. 11.30 Late Call. 11.35 Barney Miller.

SOUTHERN
12.30 pm Against the Wind. 1.20 Southern News. 2.00 Houseparty. 2.25 "The Deadly Game" starring Andy Griffith. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 11.30 Enterprise.

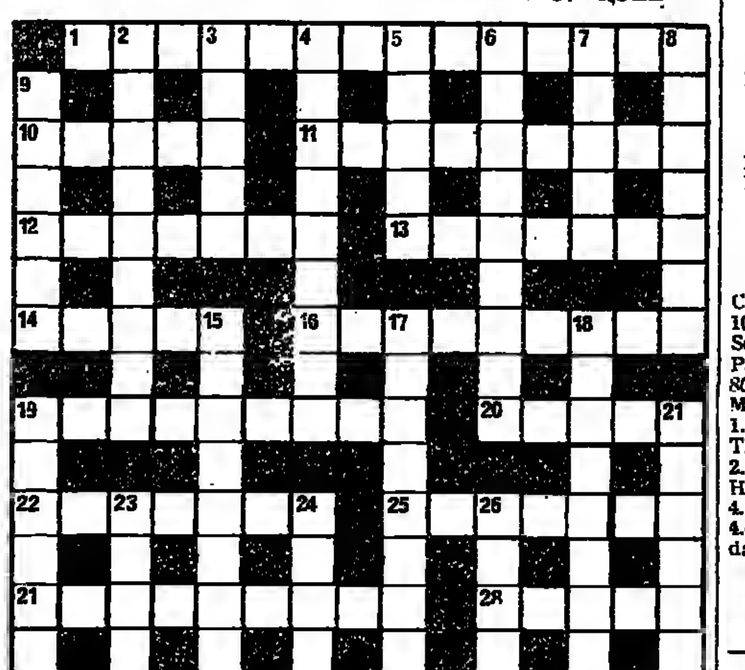
TYNE TEES
9.20 am The Good Word followed by North East News. 1.20 pm North East News and Lookaround. 5.15 The Electric Theatre Show. 6.00 North East News. 6.03 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 10.30 North East News. 11.30 Kate Loves a Mystery. 12.30 am Music for God.

ULSTER
12.30 pm Ulster Television News. 1.25 Cartoon Time. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.05 The Odd Couple. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 10.29 Ulster Weather. 11.30 News at Bedtime.

WESTWARD
1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Spiderman. 6.00 Westward Diary. 7.00 Miss Westward 1980. 7.30 The Incredible Hulk. 10.31 Westward Late News. 11.30 Kaz. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Father, Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.30 The Dudley Moore Show.

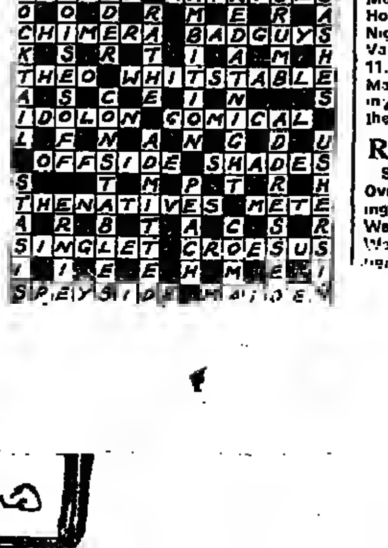
F.T. CROSSWORD PUZZLE No. 4,322



ACROSS
1 Passed on wonderful (3, 2, 4, 5)
10 Palindromic woman (5)
11 Not many join powerful majority (6, 3)
12 Somebody talking about *you* hearing distance? (7)
13 Breakfast cook comes to flower (7)
14 Doctor sick of routine (5)
16 Roused by one Rolls-Royce beaten on the outside (9)
19 A lot fewer go blind (9)
20 Lead heals another way (5)
22 Smaller particle inside beast (7)
25 Permit number one to return strong feeling (7)
27 Officer to find place together (9)
28 Share out endless proportion (5)
29 19 creatures detailed by Mrs. Farmer (5, 5, 4)

DOWN
2 Employee answerable to Heather (9)
3 Sex-appeal drawing double-blank on speed indicator (5)
4 See how long board takes to produce programme (9)
5 Bar one Pole received (5)
6 Enth[illegible]lly lestate (4, 1, 4)
7 [illegible] suit (5)
8 Drew doe somehow gives widow's share (7)
9 Threaten mischief over tip (6)
15 Left one article a number would call flexible (9)
17 She *pays* in *becoming* eternally laborious (9)
18 Down to earth about a leaning towards first century (9)
19 Allowed like this to beg (7)
21 Workman willing to transfer (4, 2)
23 Canny worker maintaining the mechanical revolution (5)
24 Will everybody follow call for silence (5)
26 Push off in one direction with stuff (5)

Solution to puzzle No. 4,321



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London 1458kHz, 206m & 94.9vhf
				Capital Radio: 1548kHz, 194m & 95.8vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

6.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.00 Mike Read with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Peter Powell. 7.00 Personal Call. 8.00 Mike Brill. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm Ray Moore (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Hooray For Hollywood. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.03 Variety Club starring Olga Solomon. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

5.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Wilbye and Weelkes (S). 9.35 Louis-Philippe Pallegrier (S). 10.20 Mozart's "Jupiter" ... Cricket: Third Test: England ... including 1.05 ... Continents (also on vhf). 1.25 News. 1.30 Lunchtime scoreboard. 5.30 Boccherini. 7.00 BBC Scottish Symphony Orchestra (S). 8.00 The Licence by Pavel Kohout (play). 8.55 Violin and Piano recital (S). 9.30 Marcel Dupre (talk). 10.00 Collegium Aureum (S). 10.40 The English Ayre (S). 11.00 News. 11.05-11.15 Czerny.

VHF—with Medium Wave above except as follows: 6.00-7.00 am Open University. 10.55 Parikian-Fleming-Roberts Trio (S). 11.50 Music for Guitar (S). 12.20 pm Swansea Bach Week 1980, part 1 (S). 1.00 News. 1.05 Six Continents (with Medium Wave). 1.25 Concert, part 2 (S). 2.10 Images of Debussy (S). 2.55 A Recital by Janaya Norman (S) including 3.35-3.40 Interval Reading. 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 5.20-7.00 Open University.

RADIO 4

5.00 am News Briefing. 5.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Story Time. 10.45 Tribute to a Queen (S). 12.30 pm You and Yours. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 ... A Dance to the Music of Time (S). 4.10 Scott Joplin — a genius re-discovered (The life and work of the American ragtime composer). 4.40 Announcements. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Detective. 7.00 News. 7.05 The Archers. 7.20 The Discovery of the Pulsar. 8.05 On the Train to New Zealand. 8.20 A Musical Evening with Osian Ellis. 9.05 In Touch (Report on the Out Patients Departments at Moorfields Eye Hospital). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Origins: The Burial of China's First Emperor. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 3.00 pm After Eight. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 6.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allan (S). 1.00 pm London Today First Report (S). 1.10 Mike Allan (continued). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Night Flight (S).

ENTERTAINMENT GUIDE

OPERA & BALLET

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THEATRES

CINEMAS

ART GALLERIES

CLUBS

هكذا من الأصل

Riverside Studios

Scrape off the Black

This moving one-act play by Tunde Ikoli is a scene-painting exercise, not a developing story, and the scene it paints is one that we may find harrowing today but will have to live with tomorrow. Its four characters are Rose, her neighbour Mary, and her two illegitimate children by an absentee black father.

Rose, played with heartless resignation by Mary Macleod, put her children into a home when their father went to prison, and left them there for 12 years, until they were old enough to go out to work. Though she expects conventional love from them, in fact she cares about nothing but her thrice-daily bingo sessions. She regards black men as little better than savages ("that's how they are" is a constant refrain in her chat with Mary); she distrusts Pakistanis; but on the other hand, she scorns the idea of living with a white man.

Of her two sons, Andy, the elder (Okon Jones) has become a habitual criminal, rather to her relief. When he's inside, "I don't have to worry about phone calls saying he's lying in a gutter in the West End"; nonetheless, she expects him to pay his respects when he comes out.

"Last time he cama out of borstal he came straight here."

"You must have been proud," says Mary.

The play consists mostly of conversations between Rose and her younger son Trevor, beautifully played by Brian Bovell. Trevor, though he is a bit casual about things like work, is old fashioned enough to believe that there should be love between mothers and sons, and he devotes his time to doing small favours for his own mother, asking little in return but an occasional cigarette or cup of tea. Rose accepts his favours with a total lack of gratitude, and at the end of the single day covered by the play she only wants to get him out of her home and back to his, which he has neglected all day for her benefit.

The observation and the writing, which is in standard East End Cockney, are detailed and true, and the point made about the isolated position of half caste children, neither black nor white, is one we must try to understand. The direction by Peter Gill is impeccable, against a bare but evocative scene by *Alison Chitty*, who also designed the simple and colourful set for *One Fine Day* which I saw at the same house last week.

Spike Milligan writes to tell me that the music-hall jokes that I thought spoilt his version of *Ubu* in the spring were none of his doing, and because I have admired him so much and so long I am well pleased to make this public.

B. A. YOUNG

Wigmore Hall

Songmakers

The outstanding delight of Sunday evening's second Songmakers summer programme was Ann Murray's performance of the infrequently heard *Corazón de mujer* (A woman's heart) by Joaquin Turina, a contemporary of Falla. It is a cantata-like setting of a single, passionately emphatic text concerned with the anguish and the splendours of true woman'a love, the vocalist making her ravishingly inflected utterance (and Miss Murray left nothing to be desired) against the pianist's background of lightly etched Spanish dance. The work's technical and emotional straightforwardness was the more surprisingly impressive in the context of relatively *sophisticated cycles* by Britten and Poulenc.

Schumann's *Spanisches Liederspiel* op. 74 did, it is true, provide a complement in the all-Spanish second half. But though, like Turina, he was not really attempting to penetrate the essence of the Spanish spirit—what Graham Johnson in his spoken introduction called the "insider's" Spain, as expressed by the Austrian Hugo Wolf in his *Spanisches Liederbuch*—neither do these settings indulge more than a hint of the picturesque, No. 5's unlikely "Tempo di Bolero" for example. So far from any exoticism, Schumann's writing closely approaches Brahms's; it acknowledges the practical limitations of the Victorian drawing room. The cycle contains fine things however; No. 4, "In der nacht" for soprano and tenor is the most poignant of them, and was well sung by Felicity Palmer and Kenneth Bowen, though the rapt piano accompaniment was less than fastidiously handled by Mr. Johnson. All four of the required voices came together with particular élan in the finale, to confirm the basically even-tempered tone of the work.

The Poulenc cycle, *Tel Jour Telle Nuit*, was preposterously announced by Mr. Johnson as the real successor to *Winterreise* and *Dichterliebe* in place of works by Debussy or Fauré or whoever. (Schoenberg's *Buch der hängenden Gärten*—which the Songmakers might consider taking up—surely earns that distinction?) It was shown to be music of sensitivity and bitter-sweet charm but coming nowhere near to an adequate interpretation of the complex, opaque text by Paul Eluard. Felicity Palmer's interpretation of it duly put us at a further remove. She applied too much force and gusto, I thought, to poems that need to be wooed for their secrets.

Kenneth Bowen stood in for Anthony Rolfe Johnson at very short notice and gave a most creditable account of Britten's *Winter Words*. As regards the perennial issue of Graham Johnson's preambles, it should be said here that the fact that he was an ornithologist is but slenderly relevant information when listening to "Proud songsters" and the suggestion that "At day-close in November" has an ecological implication is positively wrong.

PAUL DRIVER

Coull, Bochmann Quartets

Saturday evening's concert in the Wigmore Hall, given by the combined forces of the Coull and Bochmann Quartets, served as a fine example of the effective coaching of Sidney Griller. Both groups passed through Mr. Griller's guiding hands while at the Royal Academy of Music: the Coull, formed in 1974, is the senior by two years. Both are now confident, efficient quartets. But whether at this stage of their development they are ready to tackle larger pieces, when much of the quartet repertoire has still to be thoroughly absorbed, is a moot point.

Shostakovich's Octet op. 11 needs little beyond the enthusiastic and precise playing that the two groups provided; but it remained a jejeune, unpleasant work, combining a short-winded prelude and gratuitously ugly scherzo: Shostakovich as self-conscious constructivist is never very convincing.

Brahms's Sextet op. 18 demands more careful cultivation, and perhaps is best tackled by an established quartet with second viola and cello recruited for the occasion rather than as probably happened here—though the programme did not supply personnel details—with trios from each of the two quartets.

As it was, the performance was unduly cautious, feeling its way too obviously, particularly in the scherzo; balance between the lower instruments was sometimes wayward and the rare lyrical episodes that ventilate Brahms's generally unrelenting textures were not fully exploited.

Mendelssohn's Octet, which completed the programme, was much more suited to the combined talents.

ANDREW CLEMENTS


'View of Tivoli'

Kenwood Gallery

Gaspard Dughet by DAVID PIPER

"One of the most underrated artists in the history of painting." So Kenneth Clark described Gaspard Dughet alias Gaspar alias Gaspar Poussin alias Le Guaspre, more than 30 years ago, but the exhibition now at Kenwood (till September 28; daily, 10 am–7 pm) is I think his first one-man show of any scale since his death 300 years ago. It was a happy choice to get Denys Sutton to open it, for he first started serious enquiry into the chronology of Dughet's work. Perhaps as much as or more than any foreign painter, including arguably even his contemporary Claude, Dughet is a father figure of English landscape painting, and likewise of a particularly English view of landscape making, of nature handshaped into great parks of the picturesque or the sublime.

His present relative lack of popular recognition is due to several factors. One is the confusion with Nicholas Poussin, whose brother-in-law he was, in whose studio in Rome he worked for a time, and whose surname he adopted. This confusion is sometimes inextricable in 18th century references to "Poussin." Another reason is that his work may seem at first glance to be N. Poussin and Claude amalgamated, with sometimes even a dash of "savage" Salvator Rosa thrown in, but lacking their unmistakeable individuality. Even his huge popularity all through the 18th century and beyond, especially in Britain, can militate against his fame: by promoting indifferent copies and pastiches in his manner, while after Constable and Turner the very idea of classical landscape became depreciated. As the catalogue observes, one of the most famous of Constable anecdotes was provoked indirectly by a Dughet landscape. Constable's patron, Sir George Beaumont, was painting a landscape with a Dughet alongside as mentor, a brown Dughet "mellowed" with aged varnish. Whereupon Constable laid a violin, likewise brownly mellowed, on the green green grass to demonstrate that nature was not synonomous with an Old Master. Yet another reason for neglect, brilliantly demonstrated in this exhibition by the varying levels of cleaning of the pictures shown, is that while Dughet dirty is indeed a drab thing, a good Dughet cleaned is as fresh as English spring air after a shower.

This is an exhibition that will absorb the art historians, who can discuss in front of a representative range of the artist's whole career, the evolution and inter-relationship of the three main phases of the painter's style. They will be able to nod sagely over the question of the allocation to the young Dughet, in the 1630s, of a group of pictures once ascribed to a celebrated *anonimo*, the Master of the Silver Birch. Space, as always at Kenwood, restricts the scope that a full *exposition raisonnée* would have (with comparative examples of originals by N. Poussin, Claude and so on). The exhibition is however, focused, other than on Dughet's own work, on his role in relation to early English landscape: to Wotton, first important native English landscapist, and one who was noted by a contemporary about 1725 as "having perfectly entered into the Manner" of Dughet "as to invention, design and colouring." Others include Lambert, sometimes seeming somewhat shackled by Dughet's example, but at other times inspired by it above his average quality; Richard Wilson, on occasions drawing on Dughet very literally, and over and over reflecting most happily his mood; Gainsborough even, in his more spectacular sublime landscapes. Borrowings, developments, variations on Dughet are shown in considerable variety. A generous representation of prints by or after Dughet helps to demonstrate them strikingly, and incidentally to convey a clearer idea than some of the paintings themselves now do (the "darks" having sunk) of the original tonality, of space vibrant with air and light.

The catalogue, by Anne French, is an original, thoroughly researched and detailed contribution, and will remain so I am sure even when the monograph (the first) on Dughet, by Marie-Nicole Boisclair, finally sees the light of day. Mrs. French's analysis of the influence of Dughet, woven through the texture of British landscape painting for two centuries after his death in 1675, is an especially valuable section bringing precision to assertions that hitherto have been vague generalisations.

But the exhibition's attraction is far from being only for the scholar. As with almost all the now extensive series of Kenwood summer exhibitions, this one manages to promote a neglected or new scholarly theme while combining with it sheer pleasure for the eye of any layman who has an eye to see with. And, of course, all in that splendid Adam setting, high over the dipping lawns and the lake and the vista of London beyond. Kenwood grounds may be judged Claudian specifically rather than Gaspardish, but I am sure Gaspar would have delighted in them, and even pitched tent here awhile to paint them (he took houses both at Frascati and at Tivoli, to be close to some of his most favourite subjects). Ironically, beyond the lake, where the dark trees part to open distance to the eye, the focus proves alas, not to be a Wren spire dreaming there, let alone St. Paul's, but the new Westminster Bank excrescence thrust against the heavens like a blunt finger, some five miles away in the City. But that's not Gaspard's fault, but a failure of our own prescience, and Gaspard's lyric view of what should close such a vista is happily demonstrated over and over again within the show. I suspect the exhibition, with some 30 paintings by Dughet himself, and another 30-odd drawings and prints by or after him, is just about the right size to show him at his best and at his full range. He was certainly over-prolific, and repeated himself, but the quality and variety shown here is a tribute to the discrimination of those 18th-century British collectors: all but two paintings come from British collections still.

The typical Dughet composition has a very Nicholas Poussinish serpentine entry, seen slightly from above, a winding road, a ravine or cleft, into the depth of the picture. There will be a mood of water, a glint, a cascade. Trees or rocks further guiding the eye into distance. In the foreground a classical figure, or a little group, often with some specific mythological allusion (the figures indeed, as with Claude, are often the least satisfying elements). The underlying structure will be satisfactorily stable while less geometrically implied than in N. Poussin, while only Claude in his supreme mastery was able to paint the recession of azure skies bathed in golden light as something at once defined and illimitable. Dughet chose usually a more hilly and irregular landscape as subject; his light is more often broken, so that (when his paint is seen pristine fresh from cleaning) his command of the fleeting effect of light and shade, of air moving, enhances the lyrically arcadian mood. The colours, the subtly varied green, the soft rust of ground, the blues of distance, are delectable to eyes accustomed to Constable even. He is less austere in mood than N. Poussin or Claude, but capable of effects of high drama, becoming celebrated as father of the stormy landscape. His calmer subjects are indeed in the main tradition of classical elegiac landscape, but into the evocation of impossibly *happy dream of timeless arcadian picnic* he brings a very precise observation of the face and form of real nature.

Dughet was discovered and bought, by the British grand tourists of the 18th-century, in Italy. More distant excursions in the following century, mostly by British artists, to Greece, Egypt, the Near East and as far as India, are vividly illustrated in *Travellers*, the latest in a long series of such exhibitions at the Fine Art Society in New Bond Street. The choice ranges through works by such recently re-established stars of the exotic like J. F. Lewis and David Roberts, to intriguing work by less luminaries. Edward Lear perhaps steals the show, including one of his rare colossal landscapes in oil, vast vision of Kanchenjunga no less, seen from Darjeeling.

Festival Hall

Mahler by ANDREW CLEMENTS

In concerts with several of the London orchestras Andrew Davis is gradually working his way through the Mahler symphonies. At the Festival Hall on Sunday evening, with the London Symphony Orchestra, ha reached the Seventh. Davis is not perhaps widely recognised yet as Mahlerian, but tackling the seventh symphony testifies to great dedication to the cause. It is certainly the least performed of the canon; nowadays it is probably heard less often than Deryck Cooke's completion of the Tenth, though some conductors, notably Klemperer and more recently Boulez, have made a special point of it.

At present, however, Mr. Davis's view of the symphony is unlikely to win for it many new admirers. All the shortcomings in the outer movements, enshrined in many studies of Mahler, were too clearly displayed; the more esteemed central core, the scherzo and the framing nocturnes, lacked immediacy and sometimes (unusually for the LSO) polish. There are moments in the first movement when the sixth symphony is refracted, but Mr. Davis overplayed the santimentality of the second theme—pulled about too much it loses all strength and character—and the cumulative effect of the final march lacked weight, though its initial pawky treatment was well managed.

Deryck Cooke dismissed the finale as *Kapellmeistermusik*. In the most loving hands it can become something more than that, but as offered to us by Mr. Davis the condemnation seemed more than justified. The interlude, which appears to have strayed into the score from *The Mikado*, provides some light relief, but for once Mahler's expressive control of banality failed him, as it failed Sunday night's performance. The brittle sound world that Mr. Davis extracted from the LSO was exactly right, but more firmness and less indulgence is needed to make the interpretation credible.

Cheltenham Music Festival

Singers Company/ Columbine

The present Everyman Theatre in Cheltenham, designed by the ubiquitous Frank Matcham, was opened as the Opera House at a time (1891) when such an ambitious title was thought desirable. Opera is not a preponderant feature of the Music Festival, but this year the building has justified the old name with two performances each of *Così fan tutte* and *The Barber of Seville*. The performers were Peter Knapp's Singers Company, formed to bring opera to a wider public and help young singers "establish themselves during the difficult years following full-time training."

These productions attracted attention when they were seen at the Riverside Studios in Hammersmith a year or two ago with, I think, slightly different casts. Now Mr. Knapp's ingenious notions as producer, which caused a ripple at the time, take second place to the musical side. The action of Così is transposed to an Oxford college in the early years of this century. Alfonso becomes a cynically misogynistic don, the young gentleman are his undergraduate pupils. Except for doubts concerning the *social* background of Fiordiligi and Dorabella—no parents, no guardian, only the dubious Despina in attendance?—one forgets the joke after a few scenes.

Under Richard Hickox the company's small but choice orchestra plays (apart from some untidy recitatives in the second act) with sure and *sensitive* touch—*unlike* the contemporary Theatre Royal at Nottingham, the Everyman has limpid acoustics. Rosalind Plowright's Fiordiligi rises excitingly to her big moments—but in their wake has a tendency to become vague about pitch. The Dorabella of Eirian James, dramatically less forceful, is more evenly sung. The youthful-looking Ferrando (Richard Morton) and Guglielmo (Andrew Knight) match their changing partners well, Mr. Knight's clear, accurate and musical line giving especial pleasure. Thomas Lawlor's Alfonso is wholly convincing even down to a huskiness suggesting port, wood fires and a damp climate.

With Rossini the updating worked less well, while the absence of a chorus (in the opening scene, notably) and the vestigial setting mattered more. The period is the 1930s, with Almaviva an English lordling in hot pursuit of a Rosina cooped up at the reception desk of guardian Bartolo's Sevillian hotel—Revolution is brewing and the couple finally escape with the aid of the British Navy. There is a lot of mildly funny spoken dialogue, lengthier in effect than the original secco recitative. But once again, excellent playing from the orchestra, this time under Nicholas Cleobury. The big first-act finale was thin (and over-produced). Elsewhere the conductor's light, transparent touch came as balm to this much-punished score.

Gordon Sandison's Figaro had precision and snap enough for a much grander setting. Ann Mackay's Rosina, not a box of Andalusian mischief but tall, fair and willowy, sang with a warmth, fleetness and delicacy of ornament that were wholly captivating. Her persistent lordling was David Fieldsend—agreeable tone, good presence, but being downgraded to a Viscount doesn't mean you needn't bother to sing the roulades properly. The presentation of Bartolo and his household as younger than usual reaped unexpected rewards in the engagingly malicious Berta of Susan Varley (a competent but conventional Despina on the previous evening). Miss Varley showed a degree of polish at present beyond Richard Suart's Bartolo or Richard Robson's con-man Basil.

The style of these productions implies a belief that the untapped public for opera lurking in places off the main touring map will be converted by the musical equivalent, more or less, of local rep. Given half a chance they might equally well prefer the things earnest people think they shouldn't—gilt and plush, big voices, dressing up. Two coffee-queue remarks I heard were (of *Così*) "I think I've seen this on telly" and (of *The Barber*) "I'd like less chat and more singing." Mozart was well attended but not full. Rossini drew only a moderate audience. Perhaps the company's publicity should make it clearer that, whatever else, the public will get good musical value for money.

★

Edward Cowie's *Columbine* for soprano and instrumental ensemble, a festival commission first heard in the closing concert on Sunday, is an independent off-shoot of the opera *Commedia* noticed here after last year's premiere at Kassel. The words, by the composer, further explore the character of his heroine, the musical treatment is new. Though the means employed are infinitely slighter and one doesn't feel the same burning physical longing for the South, the result puts one agreeably in mind of Scolatella in Henze's *König Hirsch*.

The performance, in the Town Hall, was semi-staged—lights lowered and a spotlight on the singer. Nan Christie was raised on a dais beyond the conductor and strikingly if irrelevantly dressed in bright red. All this was a sad mistake. Not much of the text could be heard and the word-sheets obligingly distributed couldn't be read in the gloaming. The spot illuminated not only the singer but her huge score. Lamps near the piano and on the conductor's desk shone at the audience. The conductor's right arm cut to and fro across his private beam.

Both Miss Christie's singing, which revealed a new side to her talents, and the playing of the St. John's Smith Square Orchestra under John Lubbock (to say nothing of Cowie's music), deserved better than this inept and by now old hat method of presentation.

RONALD CRICHTON

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
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Privatisation by consent

THE PLAN for bringing private capital into some of British Rail's non-railway activities which was outlined yesterday by the Transport Secretary, Mr. Norman Fowler, is a victory for commercial good sense over ideological rigidity. At first sight, this scheme has a strong resemblance to the one mooted by Ministers in February and vehemently opposed by the BR management. But, in fact, while the thinking behind the Government's proposals has not changed—the basic objective is still to "privatise" a major part of the public sector—it is encouraging to see that the Cabinet has been prepared to temper its desire to sweep away public ownership immediately and has settled on a scheme which strikes a sensible balance between the interests of taxpayers, BR customers, employees and potential investors.

Holding company

The idea of transferring British Rail's non-railway assets, including the Sealink shipping company, the hotels and the £185m worth of property investments, to a new holding company is common to both the present and the previous proposals. The crucial difference is that the earlier plan involved shares in this holding company being sold to private investors. Now the holding company is to remain wholly-owned by British Rail. The "privatisation" will consist of the new holding company making disposals, initiating joint ventures and selling shareholdings in its subsidiaries as and when commercial circumstances suggest this.

The arguments of BR management and its financial advisers, that shares in a conglomerate consisting of a hotch-potch of profitable and loss-making assets with little managerial coherence would only have been saleable at a fraction of their underlying asset value, seem to have prevailed over the "hawkish" views that allowing BR to retain overall control would contradict the Conservative commitment to "roll back the frontiers of the public sector."

Obviously the piecemeal approach to privatisation adopted would have been doomed to failure unless the BR management itself wished to attract private capital into their business. Although the Government will no doubt put some pressure on the new holding company to start doing deals fairly promptly, no explicit sales targets or deadlines have been laid down. This implies that the Government has taken on board the fact that many nationalised industry managers strongly support a degree of privatisation, provided they have the freedom to carry it out in what they regard as an appropriate manner, and provided their industries are allowed to benefit from some, at least, of the proceeds of asset sales.

This raises the most important question, which has not been resolved by Government statements. No decision has yet been taken about exactly how the new private money will be shared between BR and the Government. If BR is to have adequate incentives to get on with privatisation and to improve the profitability of its ancillary business it should be allowed to use a substantial part of the proceeds for investment in its main activities. On the other hand, the Treasury is justified in regarding the assets or shareholdings which will be sold as the taxpayers' property and is bound to consider disposals as a contribution to BR's external financing requirement.

Cash limits

There will be a temptation for the Government to use most of the proceeds of privatisation simply to reduce the Public Sector Borrowing Requirement, by cutting BR's external financing cash limits by the amount of capital it raises through asset sales.

Unfortunately such an accusation could easily be made, even if it was not, in fact, justified by BR's behaviour. For it is very difficult to distinguish in practice between the money BR receives in operating subsidies and what it borrows to finance investment. But this is due to faults in the present system of controlling the nationalised industries through cash limits and not to the duplicity or laxness of BR management. If management and unions can demonstrate their determination to contain costs and increase efficiency, for example, by implementing the improvements agreed in their recently negotiated pay deal, there will be every reason for the Government to allow the railways, which have been starved of investment, to benefit from the proceeds of privatisation.

OPEC's dues to Third World

THE MOST depressing aspect of the 140 per cent increase in oil prices over the past year and a half has been the dogged refusal of OPEC to accept that it bears any responsibility for the problems the prices rises have caused oil importing developing countries. By the end of this year the current account deficit of these countries will be about $63bn; the OPEC states will have earned a surplus of at least $115bn.

OPEC's Secretary-General said after the recent Venice summit of leading western industrial States that the problems of developing countries were due to inflation in the industrial countries and to "other endemic economic problems" that caused "an atmosphere of economic injustice."

Inadequate aid

In the past OPEC has argued, and the industrial countries have broadly accepted, that the main burden for transferring wealth from north to south lies with the industrial countries. Aid given by OECD countries to developing countries is certainly inadequate—last year it increased by only 11 per cent. Britain is cutting back its aid programme, while Mr. Edmund Muskie, the U.S. Secretary of State, rightly berated Congress last Monday for the fact that it still has not approved aid programmes for the financial year which ends this September.

By the yardstick of aid disbursed as a percentage of GNP, the three or four substantial OPEC aid givers—Saudi Arabia, Kuwait, Abu Dhabi and Iraq—easily beat the western countries, though the latter are nearly ten times as generous as the east bloc states. But the OPEC countries' aid disbursements last year of $4.7bn not only compare badly with their current account surplus of about $55bn that year but also comprised the lowest percentage of their total GNP at any time since before the 1973 oil price rise. The statistics tend to exaggerate the altruism of OPEC aid: about three-quarters of it goes to Arab confrontation States, other Arab countries and a few very near neighbours of the oil States.

The main OPEC aid donors, which have organisations for committing and disbursing aid tied to specific development projects, argue that they would disburse more money if they were able to find more viable projects in developing countries to finance, and if the developing countries were more efficient at getting such projects going once they have been approved.

But what OPEC refuses to face is that developing countries cannot absorb more project aid because their balance of payments have been sent deep into deficit by the enormous increases in the price of imported oil. Economic growth has slowed down drastically and efficiency has been impaired because oil imports drain away foreign exchange from other necessities, such as importing spare parts for machinery. The acute foreign exchange shortages most developing countries suffer make the amount of project aid theoretically available from OPEC countries (and indeed western countries) virtually irrelevant.

But the OPEC countries have traditionally been chary of providing untried balance of payments support to developing countries, partly for fear of it ending up in the wrong pockets.

So far virtually the only response of the cartel to the pleas of developing countries since last year has been to increase the capital of the OPEC Fund—which gives mainly project aid—and to reject proposals by Algeria and Venezuela for a $20bn fund partly for balance of payments support on the grounds that this would mean OPEC taking responsibility for the whole of the developing world's problems.

Market forces

OPEC should stop hiding behind these elaborate excuses. It has put up the price of oil to developing countries in response to highly favourable market forces, not to an atmosphere of economic injustice. It should accept responsibility for the greater part of the developing world's present payments crisis. Individual aid donors should respond more generously to requests for fast-disbursing aid, and the cartel should set up a fund to provide payments support on a simple basis of need.

After the sales storm, still a chill wind for retailers

BY DAVID CHURCHILL, Consumer Affairs Correspondent

BRITAIN'S High Streets are currently bursting with bargains at prices which only a few months ago would have seemed almost ridiculous. A refrigerator from the Asda stores chain, for example, now costs only £70—probably less than the price paid to the manufacturer. A top-quality man's suit at Harvey Nichols, a London department store is now £99, 40 per cent cheaper than at the beginning of the year and typical of the price cuts for clothes in general.

Since the spring, the slump in consumer spending in the shops has left many retailers overstocked with goods such as washing machines, refrigerators, colour televisions, furniture, carpets, and most clothes and fashion accessories.

Even Harrods has felt the chill wind of economic recession. Last Saturday a record queue of shoppers were tempted not so much by the prospect of half-price mink coats as by the more practical bargains in the clothing and household departments.

But what is good news for the discerning shopper is without doubt bad for the retail trade as a whole. The feelings of many retailers are summed up by Mr. David Johnson, chief executive of the medium-sized Rumbelows electrical goods chain, when he says that the trade faces "its bleakest few months since the war."

Already such famous High Street names as Tesco and F. W. Woolworth have been forced to put staff in some stores on short-time working. Others are certain to follow suit.

What makes the picture so much worse are the poor prospects for a retail recovery. As the recession bites deeper, with an accelerating rate of redundancies and factory closures, so consumers are less willing and able to buy anything other than necessities. This forces manufacturers of consumer goods to cut production and lay off staff. The rise in unemployment itself helps further to reduce sales. It is a vicious circle which becomes hard to break.

But most retailers are firmly agreed that the start of their current problems began on June 12 last year—the day when the Chancellor of the Exchequer, in the Conservatives' first Budget, raised VAT from 8 per cent to 15 per cent. Mr. Ian MacLaurin, managing director of Tesco points out that "sales of consumer durables and textiles have never really recovered from that blow."

Official figures of the volume of sales immediately after the VAT increase showed a 10 per cent slump; many retailers experienced their biggest-ever drop in demand between one week and the next.

By early September, Marks and Spencer, whose sophisticated sales and stock control systems are the envy of many retailers, was forced to act. In only its third major price-cutting campaign in three decades, Marks announced a £11m package of price cuts. As one retail analyst put it: "When Marks and Spencer sneezes, you can be sure the rest will catch a cold."

In fact, as it turned out, the cold has developed into a bad case of influenza.

In the run up to last Christmas, normally the best time of the year for retailers, sales were depressingly weak. The only silver lining in the gathering storm clouds was a mini-revival in spending caused by the October tax rebates.

But in the week or so before Christmas, some retailers experienced an unexpected surge in demand which reminded them just how volatile retailing can be. This surge in sales made the final figures for pre-Christmas spending slightly more respectable, and was followed by buoyant sales figures for the first three months of this year. That buoyancy was unexpected given the gloomy industrial outlook, with the prolonged steel strike threatening to bring industry to a halt.

Yet, as Department of Trade figures show, the volume of retail sales rose from 101.7 in the final quarter of 1979 to reach 103.2 in the first three months of 1980.

The reasons for the unexpectedly good sales figures were two-fold and shed some light on the consumer psyche in times of recession.

Firstly, while the steel workers were embroiled in industrial conflict, many other groups were securing pay rises of 20 per cent or more which meant that average earnings were still keeping ahead of prices. Thus many people still *felt* that they were better off and saw no reason to delay their spending.

The groups securing such large pay awards were also more likely to be from "working-class" households (social groups C2DE in the marketing man's jargon) who were not likely to be so worried by the rapid rise in the cost of mortgages, overdrafts and consumer credit as a result of the rise in interest rates. These cost increases clearly depressed spending by "middle class" households (social groups ABC1) to the detriment of outlets such as department stores.

Paradoxically, the second factor which led to the post-Christmas sales surge was that, with consumer confidence slipping, many consumers felt it was pointless to put off buying plans for much longer. In February, for example, the monthly Financial Times survey showed that consumer confidence was at its lowest level in the survey's 10-year history, mainly because of the fall in confidence by ABC1 consumers. But, at the same time, a surprisingly high proportion of consumers felt that the time was right to buy major items for the house.

What changed this rather unreal position was the speed and severity of the recession which began to bite in the spring. As inflation soared, so consumers' real income was under threat. Simultaneously, the rise in redundancies being announced by companies led to a fall in confidence among working-class households. The FT monthly survey of confidence reached new lows and prudence, rather than profligacy, became the name of the game.

The sharp decline was monitored by the Trade Department whose figures showed that from a peak of 103.9 in February, sales volume by May had plummeted to 100.6. In terms of the volume of sales being monitored, such a fall was of epic proportions. Between April and May alone, the volume of sales fell from 102.3 to 100.6. Next week's provisional estimates could indicate that June sales were much worse.

Analysis of the sales figures shows that the biggest slump was felt by retailers of household goods such as durables and furniture. Volume sales of these have fallen by some 7 per cent since February. Clothing and footwear retailers have experienced a 5 per cent decline, while food retailers have managed to hold their own.

The reaction in the High Street to the May sales slump was spearheaded in early June by the Littlewoods stores group which launched a £10m package of price cuts. Other major store chains quickly followed with price-cutting promotions which were often indistinguishable from the traditional summer bargain sales now under way. Some retailers, in fact, started their summer sales many weeks ago, although the West End department stores have mainly kept to their previously announced dates.

The crucial question, however, for both shoppers and retailers alike is for how long the bargain sales can be expected to continue. The scale and length of the sales depend on two factors: how much overstocking there has been and whether shoppers will have the desire and financial ability to go on buying luxury goods.

Some retailers took a fairly pessimistic view on the trade outlook at the beginning of the year, when they decided to reduce stock levels. For example, Mr. Roy Stephens, chief executive of Selfridges, says that the store "decided to batten down the hatches some time ago in order to weather the storms ahead."

However, other prominent retailers seem to have been less far-sighted, according to rumours circulating within the trade. They have not sufficiently reduced their stock levels over the past six months—or have been unable to because their prices were too high.

Retailers, not surprisingly, are reluctant to spell out their current stock levels, either because of embarrassment or for fear of giving information to competitors. Many point out that it has been exceptionally difficult to make accurate sales projections because of the fluctuations in the pattern of sales over the past year. But it is also abundantly clear that many retailers were too optimistic in the first quarter and were subsequently caught out by the sharp fall in spending from the spring onwards.

Stockbrokers Scrimgeour, Kemp-Gee and Company, in their latest retail review, suggest that retailers may not have been trying hard enough to control stocks. "We suspect that control of working capital has become rather more lax in recent years and it is therefore worrying that retail stocks are so high when the cost of financing those stocks is so prohibitive and when quite a few retail balance sheets are coming under pressure," the brokers say.

The determination of some retailers not to get left holding high stocks—which are a drain on finances because of current high interest rates—led Asda and its rival Tesco to announce last week that they would be selling few "white" goods in future.

Most retailers believe that their excess stocks will largely be cleared by the end of August (though not clothing retailers, who have also been hit by the poor weather). But some are privately willing to admit that such optimism may be a little premature. "It all depends in the end on consumer confidence in the autumn," says Mr. Richard Weir, director of the Retail Consortium.

Retailers hope that the expected fall in the inflation rate and further cuts in interest rates later in the year may help stimulate confidence. But it is also clear that the continuing rise in unemployment will more than offset any gains in other areas.

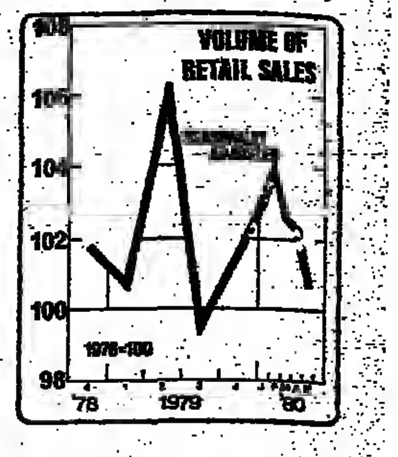
Added to this picture of stagnant—if not falling—demand are the problems facing all retailers as rising costs begin to bite even more deeply into their already slim profit margins. Wage awards to shop staff have ranged from 17 to 20 per cent or more, while energy costs have increased by a fifth.

In the immediate future, therefore, most retailers face a tough time caught between rising costs and falling demand. Tesco's Ian MacLaurin believes that there will be no volume growth in consumer durables and clothes until the autumn of next year at the earliest. Mr. Weir of the Retail Consortium also acknowledges that volume sales are expected to stay below 1979 levels for the rest of this year. But he believes that some of the pessimism may be overdone, since he considers the current slump to be of the same order as the mid-1970s retail recession rather than any return to the depression of the inter-war years. "It is important to get the present situation into perspective," he adds.

But, for the bargain-hunter, now being given a field-day, the problems of the retailers provide plenty of opportunities.

Trevor Humphries

Pulling out the stops: Mr. Roy Stephens, chief executive of Selfridges, conducts the Baden-Württemberg Youth Orchestra, which greeted the early-morning queue at the start of the store's sale



THE BARGAINS IN BRITAIN'S HIGH STREETS

Item	Usual Price	Sale Price	Saving	Store*
Three-piece suite	£1,904	£1,199	£705	Kandal Milne, Manchester
Panasonic music centre	£249.99	£199.99	£50	Rumbelows
Axminster carpet	£12.99	£7.99	£5	Allied Carpets
Lady's wool coat	£69.95	£35	£34.95	Allders of Croydon
Refrigerator	£102.95	£69	£33	Asda
Video recorder	£589	£499	£90	Rackhams, Birmingham
Aquascutum raincoat	£129.50	£79.50	£50	Selfridges
Divan bed	£149.95	£99.50	£50	Whiteleys

* The table is only a guide to bargains; individual stores may have exhausted their stocks.

MEN AND MATTERS

Challenger in blue and white

The Post Office's Yellow Pages will guide your telephone fingers to most services in your area. But a challenger, in blue and white, is coming out soon that will provide a similar classified guide — with advertisements ranging from marriage bureaus to dieticians — but which will also offer handy hints on how to solve your domestic problems with draughts and shoddy goods.

Thomson British Holdings, part of the Thomson Organisation, is planning to bring out, over the next few years, more than 200 local directories which will pin-point local services as well as providing the blue pages, household tips and "useful local knowledge."

But how will the new community directories, eventually to be popped through the doors of nearly every house in the land, differ from the Yellow Pages? Says Michael Brown, deputy managing director of TBH: "Our product will be better and different. It is not a telephone directory."

Thomson, you may remember, last year turned down part of the PO's Yellow Pages advertising contract after more than 14 years with sole rights to selling the space. It rejected a new deal under which the PO offered it only a partial contract.

Yesterday the company was in fine entrepreneurial mood. "We are no longer a franchisee," Brown notes. "The whole revenue from this project will come to us — not just a commission. This is our publication and we will make sure it is around for the next 50 to 100 years."

He was also at pains to point out that the new baby was not conceived from any retaliatory feeling against the PO. "We would not have invested £15m in this project just because we were miffed," he said. "We have been thinking about this project for five to six years and we have not, so to speak, invented the wheel. Directories like these have been around in the States for many years."

"To get a really balanced ticket we need a twenty-year-old V.P."

Merry again

The oil crisis of the early seventies may have taken the joy out of Merrie England—Grand Metropolitan's unrealised theme park dream—but it failed to kill the enthusiasm of the project's former finance director, David Britton. For seven years he has mulled over ways of re-entering the leisure business, and although he has since drifted off into more mundane operations, he is now back again, tantalisingly close to seeing his musings translated into real estate.

Chief executive and "doctor" to finance company Sturla Holdings, Britton flies to Australia this weekend to press his suit with the Sydney City Council which has short-listed his year-old company Jubilee Park (Leisure Projects) for the task of renovating one of the city's oldest and best-known buildings.

Sentenced to demolition more than 10 years ago, the Queen Victoria Building in the city centre is now to be restored and re-inhabited. And Britton, leading a consortium which includes Philips Industries and leading lights from the U.S. leisure trade, is angling to snatch the contract from the two Asian groups short-listed with him. For around £15m, Britton says, he can convert the Byzantine-style landmark into a commercio-cultural fun palace along the lines of Covent Garden Market.

After he abandoned Merrie England, he tells me, he spent two years crossing the Atlantic learning more about the trade. But British investors have proved less than keen on following in the footsteps of Disney and the other theme park specialists. "The Australians," he says admiringly, "wake up thinking today will be better than yesterday. They seem younger, keener to develop and more dynamic. But we are still under the influence of the oil crisis. Mention this sort of thing to any British banker and he will take three steps backwards."

Price of success

If it is any consolation to pub-frequenting readers driven to distraction by the whizzes, thuds and electronic groans issuing from space invader machines, the man behind the insursions has also fallen victim to the craze. Cope Allman chairman, Louis Manson, tells me his nine-year-old son is addicted to his Astro-Fighter and Galaxion games.

On holiday recently, dad was dragged unwillingly from arcade to arcade by his insistent off-spring who clamoured continuously for 10p pieces. "He would have stayed there all fortnight if I'd allowed it," he says.

But from what he tells me of the extraordinary trade in these galactic games, I suspect he is paying a small price in personal discomfort for the commercial gains accruing to his company. Since February, he says, Cope Allman has installed 3,200 machines at £1,100 each, and is still fighting to match demand with output of 200 a week. Moreover (or even worse) Manson claims he has so far filled only 10 or 15 per cent of potential demand.

And on reflection, he admits, even his son's obsession has a redeeming feature. He consoles himself as he doles out the small change that after all the outgoings can be put down to "market research."

Sticky fingers

It is not often that tiny Liechtenstein gets a chance to make a grand gesture on the world's political stage. But when the principality's indignant citizens decided to vent their feelings against the Soviet Union for its invasion of Afghanistan, they did so in a way that hit their state coffers as well as satisfying their pride.

Realistically, they reckoned that a boycott of the Moscow Olympics by a country of little more than 25,000 people would not cut much ice internationally, despite their gold medals in the Winter Games. So they went a stage further and hauled the whole of their special Olympic stamp issue over the border for official burning in the Swiss incinerators.

The cost to the principality, which obtains a large slice of its revenues from stamps, is put at more than £800,000 with more than 1m stamps going up in flames.

A few of the stamps sent out in advance to foreign journalists and catalogue companies have not been sent back despite strong demands for their return. So Liechenstein is now considering possible legal action. And in future, it will be sending out photographs rather than stamps proper to profiteering previewers.

Fair warning

Sign in my local butchers: "Try our pork pies and black puddings. You will never get better."

Observer

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PROPERTY

Demand for UK commercial property during the 1980s is likely to remain slack, particularly for offices, while rental growth can be expected to be weak, according to a recent Government-commissioned report by the Property Advisory Group.

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Warnings on development policy this decade

THE METAMORPHOSIS of the commercial property market from the boom-and-bust cycle of the previous decade to its present stability is a far from irreversible process. There remains the inherent danger that new development activity could once again lead to the supply of accommodation outstripping demand.

The response of future and existing tenants to technological developments and changes in the national economic infrastructure is fundamental to arguments that development plans should be laid with due caution.

It is in this light that a Government-commissioned report on the future for the development industry during the next 10 years, published last month by the Property Advisory Group, comes as a salutary warning.

The group, established three years ago to advise the Department of Environment, says not to expect any change in the level of new development activity once the present economic recession comes to an end. "We believe that with a few limited exceptions, demand on a national basis for additional accommodation may remain comparatively slack, particularly in the case of offices, and that rental growth in inflation adjusted terms will be weak."

The report, compiled by a 12-man panel, drawn from the property industry as well as local authorities, says that greater emphasis should be placed on improving the existing office stock, through refurbishment and redevelopment, with a corresponding move away from the provision of completely new accommodation.

A key passage of the report reads: "During the 1980s, rent reviews will fall due on many office premises which were built and occupied during the early 1960s. Many of these buildings were built to less exacting standards than those constructed in the past few years. The occasion of rent reviews, together with other emerging factors, may well cause office occupiers to reappraise their accommodation needs.

"Technological change will be a factor in the demand equation. A certain amount of attention has already been centred on changes arising from microprocessor technology, and other recent innovations in office equipment which are being introduced will also have a bearing on both employment and space requirements.

"The need to conserve energy, coupled with fast-rising travel costs and changing employment patterns, will have an impact on tenants' attitudes. There may well be relatively little demand for fresh office development and the industry's efforts will be concentrated on the refurbishment of existing stock with a view to maintaining its value as an investment."

These sentiments would appear to have a direct relevance for several major new office development schemes proposed for the south bank of the Thames, in central London. These include 2m sq ft of new office planned by Hays Wharf, a further 300,000 sq ft proposed by European Ferries at Vauxhall Cross — a scheme irrevocably dubbed the Green Giant — plus the various proposed developments for Coin Street.

Theme

A central theme running through the various planning enquiries into some of these proposals has been whether London is once again planning to build too many offices to satisfy future tenant demand.

The fundamental issue at stake is not that some of these schemes will not be successful, or that new development or redevelopment should not take place, but that there will not be sufficient tenant demand to satisfy a significant increase in central London's total net stock of offices.

It is a view perhaps shared by Land Securities, the country's largest property company, which recently unveiled a monster £108m rights issue. The vast bulk of this cash to be used "in furtherance of the group's policy of increasing the value and income from its existing portfolio by redevelopment, refurbishment and the acquisition of additional interests where Landsit already has a stake."

The group's managing director, Mr. Peter Hunt, stressed that Landsit did not feel it right to embark on any major new developments at this stage—views that would appear to be fully supported by the findings of the Property Advisory Group.

The group's report, however, does offer some consolation to the property industry despite its reservations about new development and the prospect of slower rental growth. It concludes that a combination of institutional dominance in the investment market and the low level of new development activity in the latter half of the 1970s has given the property sector an underlying strength which should provide a stabilising effect as the going gets tougher.

It would be unrealistic, however, to believe that the present recession will not have a significant impact on the property industry. Equally few, if any, observers would expect to see a second property market collapse. It is more likely that rents will either remain static or at best perhaps only rise marginally in cash terms. In real terms, after allowing for the impact of inflation, rents may be expected to fall over the next 18 months.

According to the recent national poll, conducted by the Royal Institution of Chartered Surveyors and the Financial Times, this trend has already started and is gathering pace.

Although there remains marked regional variations in rental movements depending upon the type and location of properties, the latest poll shows an increasing number of agents reporting "stable" rents for a wide range of premises in the three months to June.

On a crude national basis, 63 per cent of agents replying to the survey said that office rents had now stabilised and only 37 per cent reported rents still rising. This compares with 54 per cent reporting office rent rises in the previous survey in March when 46 per cent of agents said that rents were static.

Worst affected has been the secondary shop market where a small but increasing number of commercial agents have reported rents actually falling during the three months to June. This, however, may reflect increased competition within the retail trade—from superstores and the like—as well as the prevailing economic conditions.

But despite the more gloomy outlook for rents, there have been few signs that capital values or yields on prime commercial properties are being tested—such is the great weight of institutional money overhanging the market, looking for top quality investment opportunities.

Spending

According to Government figures published in April, institutional spending by pension funds and insurance companies of £1.14bn on commercial property was only marginally ahead of the £1.13bn spent in 1978. This shortfall, in inflation-adjusted terms, was not because the institution's appetite for property has become sated but because they could not find sufficient suitable top quality buildings in which to place their money.

This marked shortage of good quality accommodation at the top end of the market—particularly in areas such as the City of London—would, at first glance, appear to contradict the findings of the Property Advisory Group on the desirability of further new development activity.

However, distinctions must be drawn between a lack of good prime investment opportunities as identified by the institutions and the effect generally on the market of a significant rise in the country's total stock of office, shop and factory accommodation.

Meanwhile, the very strength of institutional demand should continue to underpin values and yields at this top end of the market, but further down the scale yields and values may come under pressure as the recession begins to bite deeper.

The significant financial restructuring that was undertaken by property companies, following the 1974-75 collapse—those that survived it, that is—is another factor behind the present resilience shown by the property market. Debt, in relation to assets, has been substantially reduced and most companies have the financial resources to withstand the rigours of renewed recession.

But with interest rates struck at record levels since last November, the going is becoming more tough. The impact of record interests, for example, has already halted the recovery of Town and City which recently announced that pre-tax losses had risen in the year to March 1980 to £14.4m—after several years, during which losses had steadily declined.

Mr. Jeffrey Sterling, Town and City's chairman, said that interest charges had risen from £23.7m to £28.7m, despite a further reduction in group borrowings from £223.6m to £192m. If interest rates had remained at their 1978/79 levels, Town and City's pre-tax loss would have been £8.5m instead of £14.4m.

Town and City is something of an extreme case and it would be unrealistic to suggest that property companies generally are now about to move into losses, given the rise in commercial property rents over the past 18 months or so and the pattern of rent reviews still in the pipeline. But high interest rates, aligned to a retreat in the country's manufacturing base, will have an increasing impact on tenant demand.

It is against this background that the Government has launched new initiatives, in the form of enterprise zones and dockland development corporations, to promote new development in depressed areas. But the private sector's ability to respond to these initiatives in the present climate remains questionable.

The Government has also proposed—and in some cases introduced—a whole host of measures designed to make the legal, administrative, planning and financial framework within which commercial property operated much less restrictive.

The abolition of the Community Land Act and reduction in the rate of Development Land Tax to 60 per cent, plus moves to establish registers of unused land held by local authorities and nationalised industries are just some of the more important measures planned.

Less popular has been the introduction of charges to help cover local authorities costs in monitoring building control regulations: with similar plans to introduce charges for the processing of planning applications.

However, the key to improved planning procedures—at least as far as the developer is concerned—rests largely in local authority attitudes and not with the statute book. It has been fear of upsetting some of these local authorities that has dissuaded many developers and their advisors from taking up an offer from Mr. Michael Heseltine, the Environment Secretary, to report instances of needless delays in processing planning applications, direct to his office.

The industry's general failure to take advantage of this offer has prompted a characteristically blunt retort from Mr. Heseltine, who this week told developers that if they are prepared to accept an inferior service from local authorities they have only themselves to blame.

But no matter what measures and changes in legislation have been proposed, the prosperity of the development industry and commercial property market, as a whole, will depend heavily, as it always has, on the prevailing economic climate.

Andrew Taylor

Blunt message from Study group

ANY COMPLACENT feelings the property industry may have had about the recession were shattered last month by the publication of the Property Advisory Group's report. Its message was blunt: the recession will have a major impact on the property industry by reducing demand and discouraging supply.

The Group's findings could not easily be ignored since its members were leading developers, institutional investors, surveyors and other specialists brought together by the Department of the Environment. The report produced a stir in the property share section of the stock market and it has caused property men to re-consider the immediate outlook.

There had been a feeling that those companies which survived the traumas of 1974-75 were now well placed. The current position is certainly very different from that of the mid-1970s but the property industry is not insulated from the economy as a whole.

First the differences. The mid-1970s was undoubtedly an exceptional period dominated by the adjustment to the collapse of a massive speculative boom. This affected both rents and capital values as there was a large imbalance both of available developments for letting and investments for sale. It took a couple of years for surplus good quality space to be occupied (and much longer for secondary properties) and for financially hard-pressed companies to slim down.

This time there has not been a speculative boom in development or in property values. Activity has been on a more modest scale and a much higher proportion has been securely financed in the long term by pension funds and insurance companies.

Perhaps the clearest indication of the contrast is the level of bank lending to property companies. In 1974 this rose to around £2½bn. Over the last year the total has fluctuated between £2bn and £2¼bn—a decline made even more dramatic if some adjustment is made for price rises since 1974.

Vulnerable

Even though there is not a speculative bubble to threaten the property industry, a number of companies still bear the scars of the 1970s. This made them vulnerable to the sharp rise in interest rates last year. For example, Town and City recently reported pre-tax losses of £14.4m for the year to March. Mr. Jeffrey Sterling, the company's chairman, said that if interest rates had remained at the same level as in 1978-79, losses would have been limited to £8.5m So any fall in interest rates in the second half this year will obviously be welcome.

In general, the challenge to the property industry now though less spectacular than in the mid-1970s is nonetheless real. The Property Advisory Group commented that "the industry's level of activity and its fortunes will generally move with those of the economy as a whole, but with the stronger influence of the institutions and developers' own caution are now having a stabilising effect."

The impact of the economy as a whole on property is less straightforward than, say, it is in the textile or motor vehicle sectors. In part this is because of the property industry's unique structure.

The Property Advisory Group noted that: "the state of the economy determines the level of demand, as that the amount of development activity is—at least in theory—governed by forecasts of the economic situation two or three years ahead, since this is the average length of the development process. Thus, like the national economy, the activity of the industry is cyclical, though the respective cycles are not in phase."

However, the Group added that: "this cyclical tendency is exacerbated because the industry consists of numerous developers and investors in competition with each other, but with no common picture of the size of the market for new development or of all the schemes with planning permission or under development. Information about the demand for, and supply of, space is limited and difficult to interpret. As a result, too much accommodation is supplied during a boom, and a recession in activity follows until the over-supply is absorbed and the cycle recommences."

There is general agreement among economists about the main influences on this fragmented market over the next 18 months. The UK faces what has been called an "output recession." This means that production is being squeezed by a combination of tight fiscal and monetary policies, a strong pound and the downturn in world trade.

The main pressures are being felt by manufacturers whose output is expected by the Treasury to fall by about 4½ per cent this year with a further decline in 1981. The financial pressures on manufacturing companies have already been reflected in a record drop in their holdings of stocks of raw materials, work in progress and finished goods during the first three months of this year.

In addition to a large and probably continuing stock adjustment, manufacturing companies have also been cutting back on new fixed investment. This dropped by about 3 per cent in real terms in the first quarter, compared with the previous three months, with an 8 per cent drop in building work. These falls are likely to continue; the Department of Industry's investment intentions survey at the end of May indicated a fall in manufacturing investment this year of eight to 12 per cent, with the likelihood of a further fall in 1981.

The outlook for the rest of the private sector is slightly less gloomy. Admittedly, the retail and distributive trades are currently going through a difficult period as companies try to reduce excessive stock levels in the face of a sharp fall in demand. But this adjustment could be relatively short-lived.

Although real incomes and consumer spending could fall over the next 12 months after their sharp increases of the last two years, the squeeze on households is likely to be much less than that on industry. This is partly because the very factors which are hitting industry, notably the strong pound, are helping the consumer. Nonetheless, there is not likely to be a repetition of the boom of the last two or three years, when consumer spending rose by 13¾ per cent between the first quarters of 1977 and 1980.

The implications of this outlook for property were examined in the Property Advisory Group's report. This stated that, "the current economic recession, as far as it affects the development and property industry, is expected to be deep, widespread and prolonged. If so, this will reduce demand for new property, while inflationary increases in building costs in excess of the growth of rental values will discourage its supply. Land values, too, would then show little growth and could even fall. Reduced demand will have three consequences: first, the amount of equity for distribution as between landowners and the developer will be reduced; second, far fewer areas of the UK will prove attractive for development; third, there will be fewer opportunities for large-scale development."

Smaller

The cutback in new private sector construction activity is so far expected to be smaller than in the mid-1970s when non-housing output dropped in the 1974-1976 period by 6, 5 and 8 per cent respectively. The joint forecasting committee of the building and civil engineering economic development committees estimated last month that private industrial and commercial output fell by 1 per cent last year and might fall by a similar percentage this year before declining by 3 per cent in 1981.

The biggest drop is expected to be in private industrial construction—down by 3 per cent this year in real terms and down a further 7 per cent in 1981.

The forecasting committee noted that factories account for about 70 per cent of total output. Time lags in this sector are shorter than in other areas of construction, with about 70 per cent of orders being translated into output within 12 months; consequently any change in the economy could be quickly reflected in new development.

Private commercial work is expected to continue to grow slowly in real terms—by 2 per cent in both 1980 and 1981. However, the level of commercial construction is still expected to be over a quarter less in real terms than during the development boom of the early 1970s. Work may be sustained by the start of some large office schemes in the south east.

However, the Forecasting Committee reckoned that poor retail sales predictions were unlikely to depress the fast rate of growth forecast in the development of superstores. But there are few large-scale shopping centres still to be completed, so it is likely that construction of shops may be static, or at best, only slightly increased.

Peter Riddell

Predictions of poor retail sales are unlikely to depress the fast rate of growth forecast in the development of superstores, according to the Property Advisory Group. Above: a section of Tesco's new supermarket at Pitsea, Essex.

Shares lose some of their steam

PROPERTY SHARES have had a very good run for their money over the past couple of years, but recently they have "come off the boil" and it looks probable that the period of relative strength against the rest of the market is over for a while.

Throughout most of 1979 property share prices kept ahead of the FT All-Share Index. In addition to good rises in profits, dividends and asset values, the sector was encouraged by the switch in Government and subsequent changes introduced by the Conservative administration, such as the reduction in Development Land Tax, the abolishing of the Community Land Act and Office Development permits. Industrial Development Certificates are now only needed for construction over 50,000 sq ft and planning procedures have generally been simplified.

There was a setback in the last quarter of 1979 as investors reacted to the sharp rise in interest rates but the upward movement returned at the beginning of this year. The fall in the overall market after February did take the gloss off the property sector for a while, but the dip in share prices was not as deep as for other sectors and after the first six months of 1980 the property index stood 28 per cent higher than in December compared with a 17 per cent increase in the All-Share Index.

Certainly, the relative strength has been justified by the recent results and assets valuation to come out of the sector. Land Securities Investment Trust, for example, reported a rise in profits for its year to last March 31 from £26.4m to £38.1m, a 20 per cent increase in dividend and an uplift in the value of its property portfolio of a quarter.

Last month, however, it became apparent that the property sector was beginning to lag behind. During June, the All-Share moved ahead by nearly a tenth while the property index advanced just 2.1 per cent. There are some obvious factors which can be highlighted for this relative movement.

The Land Securities rights issue of £108m announced on June 5 was the largest the market had seen for a long while and virtually equalled the total raised by all rights issues in the previous five months. So £100m has been directed towards Land Securities' new shares which might otherwise have chased other existing shares in the sector. Also the major results season for property groups is past so it might be expected that some of the "puff" might come out of prices.

Directed

Yet the levelling off of prices might well reflect a more fundamental changes of attitude on the part of investors and commentators alike. For three years stockbrokers Rowe and Pitman had been advising, in their monthly newsletter, that fund managers should be "overweight" in the sector, but in May that recommendation was watered down to an "average weighting."

There is a tradition that once the discount of market prices against assets falls below 20 per cent on quality stocks, prices are beginning to become expensive. Also, the yield ratio on the sector has come down to its lowest level ever, even lower than the previous peak achieved in the property heydays of 1973. So there is a growing awareness that not only have share prices caught up with events, but that they are already fully discounting the sound growth prospects for profits and dividends, too.

The other major factor in the equation is the recession. There is obviously debate over how deep and how long the recession will last, but undoubtedly corporate expansion plans will be hit and this must affect property demand. Industrial space would logically appear to be the first hit. Each day brings fresh news of factory closures and redundancies. However, an examination of the last recession shows that despite all the problems, industrial rents continued to rise at a satisfactory pace for the property groups.

Rents are not such a major cost item for industrial operations as, say, shops, so the average company will not be put into a "make or break" decision by the rent on its factory. Also industrial/warehouse development is easier to limit to the demands of the market place and so there are few fears of over-supply to upset rental levels.

That said there is bound to be regional divergences. Industrially, the north will be far more affected than the south. That may hit industrial property prices, but not necessarily shops. As De Zoete and Bevan points out the levels of redundancy payments and social security benefits should mean that the High Street does not come out of it too badly. Office values tend to be far more resilient in a recession and particularly so in London.

Shops, generally, are making the analysts a little nervous. Rents for shops are a high cost factor and, in a recession, retailers face severe problems. Food retailers at least can be sure that people have to eat, though of course there seems to be a never ending price war. The outlets more likely to suffer are the fashion and the consumer durable shops. For example, the problems of Oxford Street are well known, yet in the provinces the difficulties may be less acute, perhaps because of the lack of competition.

The real headache for the analyst at present is to decide whether yields have been pushed too low. Look at the sort of yields investors can obtain. On prime shop property it varies between 3.7 and 4 per cent, on offices in cities 4.25 to 4.75 per cent, offices in the provinces 4.5 to 5 per cent and industrial 6.5 to 7 per cent. These are fairly typical figures according to Quilter Hilton Goodison.

Compared with the returns that can be obtained elsewhere it really does look as if the yields on shop development in particular are vulnerable. Yet

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Fresh initiative to fight inner city decay

GOVERNMENT PLANS to establish new style enterprise zones in areas of serious economic decline have signalled yet another new initiative in the fight against inner city and urban decay.

The concept of enterprise zones as areas where regulations and public charges should be kept to a minimum in a bid to attract industry and commerce back to inner cities was first proposed by Sir Geoffrey Howe, in an opposition speech made on the Isle of Dogs, two years ago.

Since then Sir Geoffrey has become Chancellor and, in his budget in March, he took the opportunity of turning the theme of enterprise zones into reality.

Around seven or eight zones are planned—each averaging 500 acres—to be chosen in "areas of urban dereliction for their degree of physical and economic decay." Areas shortlisted are Sheffield, Tyne and Wear, Liverpool, Manchester, Wolverhampton, London, Lower Swansea Valley, Clydeside and Belfast. A final choice is due to be announced very soon.

The zones will be designated for an initial period of 10 years and offer an impressive list of benefits and advantages to businesses thinking of coming to these areas.

These include: exemption from development land tax; freedom from local authority rates; 100 per cent capital tax allowances on all industrial and commercial buildings; simplified planning and customs procedures; exemption from training board levies; exemption from the need for industrial development certificates and the reduction to a "bare minimum" of the need to satisfy Government requests for statistical information.

Well-received

The proposals have been well received by the development and property industries, but there remains a wide gulf between welcoming an idea in principle and actually putting cash down on the table for investment in areas which have been highly unpopular with private developers and investors.

Cynics also suggest that advancement in enterprise zones will be at the expense of development in surrounding areas, a problem already highlighted by Mr. Nigel Broackes, chairman designate of the new urban development corporation to be established for London's depressed dockland areas.

Mr. Broackes has strenuously argued that it would be folly to establish an enterprise zone in London in competition with his urban development corporation. It would make it very difficult to attract much needed private investment for London's docklands if businessmen were to be offered tax and other inducements to go to other nearby depressed locations. He says that at least one enterprise zone should be established in the docklands area itself.

A similar problem arises on Merseyside, where another docklands UDC is to be established covering an area of about 1,000 acres. A 500-acre enterprise zone around, or even within, the UDC's boundaries could have serious implications for investment for the rest of Merseyside docklands.

The two new development corporations have been charged with attracting private sector investment back into these highly depressed inner city areas. The corporations will have wide ranging powers, including the right to acquire land and will have an initial combined budget of £200m with provisions in the Local Government Planning and Land Bill to raise this to £400m.

However, this figure substantially understates the level of public investment that many people regard as essential if these areas are to be successfully redeveloped.

Sir Horace Cutler, leader of the Conservative-controlled Greater London Council, said last month that he was "bitterly disappointed" at the level of spending planned by government on transport for the capital's dockland areas.

Mr. Norman Fowler, Transport Minister, announcing the 13-year £100m programme, said that this was the maximum the country could afford "in the present climate of public expenditure." He had been asked to approve spending of up to £760m on local transport infrastructure.

The decision means that proposals to extend the Jubilee underground line into docklands have now been axed as has the controversial plan to build a southern relief road. The new programme also makes no allowance for any spending on improvements to public transport.

Without this expenditure it remains doubtful whether docklands will achieve the measure of private sector investment that the Government is hoping for. Many developers have isolated poor transport and communications systems as the major block to investment and redevelopment in London's docklands.

While the good intentions of successive governments in wishing to promote industrial regeneration in declining areas has never been in doubt the various carrot-and-stick measures introduced so far have had limited success.

The basic problem is that these areas are run-down and investors are very reluctant to invest where prospects of a reasonable return on their money are poor. It can be argued that major institutions, such as the pension funds, have a social duty to invest but they equally have a duty to their members to seek the best possible return from developments to protect future pension requirements.

It is only when the basic infrastructure of these areas are substantially improved that private investors can realistically be expected to promote the building programme so badly needed to provide new job opportunities in these highly depressed inner city and urban areas.

The Royal Institute of British Architects reiterated this point in response to the Department of Environment's consultation paper on the new zones. RIBA said that it was not enough to merely provide a new administrative and legal framework: there must also be sufficient money made available for the funding of infrastructure and for cleaning up dereliction.

The Royal Institution of Chartered Surveyors has expressed a similar view while the Confederation of British Industry said that experiments such as enterprise zones "must not be seen as a substitute for the right economic climate for industry and commerce."

Thus, there are strong reservations about the ultimate success of enterprise zones particularly in the present climate for industrial investment with interest rates stuck at record levels since November, a strong pound impeding export profits and with public spending on construction showing no sign of rising from its present very low levels.

The continuing decline of inner city and urban areas has in part been a direct consequence of the success of new town development corporations which have succeeded in capturing a substantial slice of private sector industrial investment which otherwise may have gone elsewhere.

Intention

It was in a bid "to reverse the engines of exodus" that the previous Environment Secretary, Mr. Peter Shore, under the last Labour administration, established seven inner city partnership areas in Birmingham, Manchester, Newcastle, Gateshead, London's docklands and in two London boroughs of Hackney and Islington and Lambeth.

These were established to attract industry and commerce back to these areas with the aid of central and local government grants.

The principal criticisms of the scheme—such as those now being raised about enterprise zones—is that the partnership areas have been favoured at the expense of other equally needy areas in the shire counties and that not enough cash has been available to make the necessary improvements to infrastructure.

There have also been complaints that the administrative structure of the partnership areas has been over bureaucratic which has effectively dissuaded potential private investors from involvement. A criticism that could be hardly levelled at enterprise zones.

Mr. Michael Heseltine, Environment Secretary, has promised a review of the operations of inner city partnerships and has marginally raised the amount of central government urban aid grants available to the partnerships in 1980-81 from £81.1m to £82.2m at November, 1978, prices.

With only a limited public sector cash cake available for distribution, successive Governments have often tried to spread aid too thinly over a wide range of equally desirable schemes to improve the economic and social fabric of depressed areas.

But the success of new town developments is worth investigating in the light of failures to attract industry and commerce to inner city areas.

Private investment has been attracted to these towns because adequate steps were taken to ensure that sufficient levels of infrastructure—housing, shops, social amenities and the like—were present to attract skilled workers.

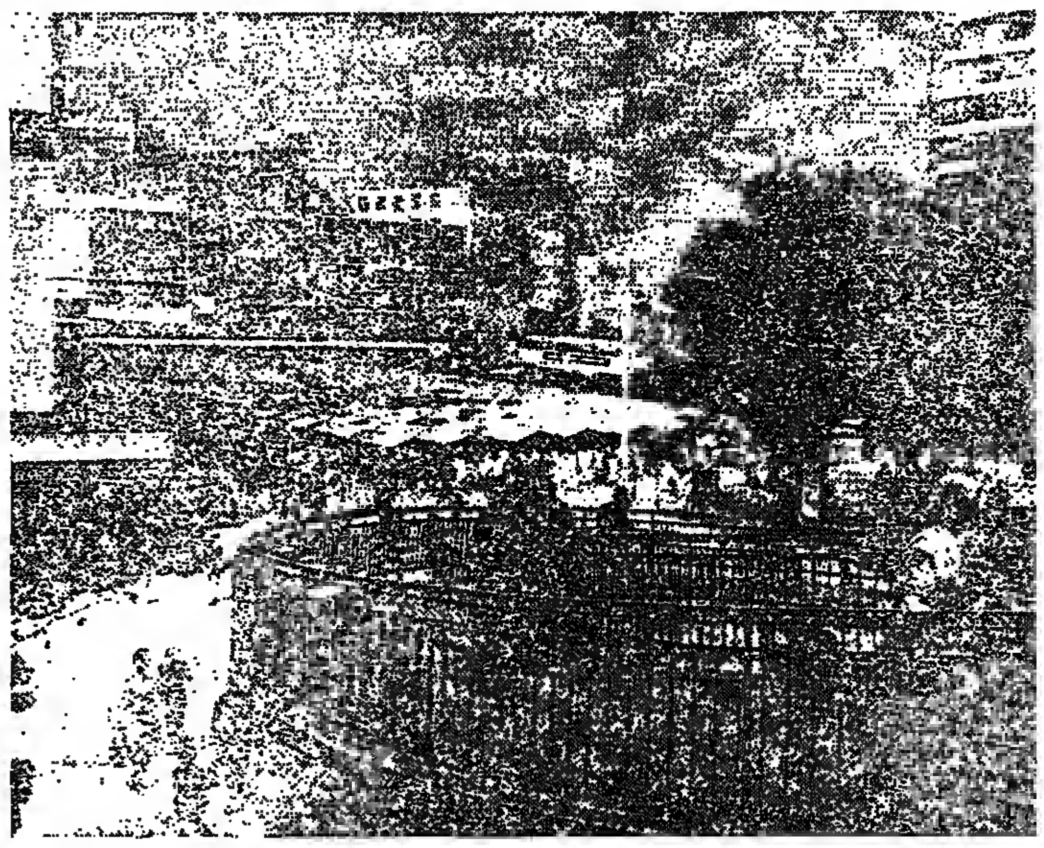
In turn, industrial and commercial companies and major institutional investors, such as the pension funds, have been prepared to play their role in bringing life to new towns attracted by the presence of available skilled labour and a more desirable environment.

The growth of new towns over the past 20 years has, in many people's eyes, helped to accelerate the decline of inner city areas. As more skilled workers have moved away a hard core of elderly and the less easily employed have been left behind.

It will not be easy to reverse this trend which has been exacerbated by successive Governments' policies of providing conflicting aid schemes for other areas while at the same time they have sought to provide inducements to encourage business back to the inner cities.

Ideas such as enterprise zones are a worthwhile experiment, but will not be enough in themselves to promote the industrial regeneration that all political parties regard as essential.

Andrew Taylor



Some of the partnership areas — including Birmingham (above) — were established by Mr. Peter Shore, under the last Labour administration.

Shares

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the institutions appear to be keen to keep on investing in shops and many retailers continue to expand. Nevertheless there is a fair chance that yields may have to creep up a little with a resulting reduction in property values.

Any falls in property prices are unlikely to be dramatic, however. The institutions' appetite for property investment appears to be insatiable and development activity is relatively low — high interest rates will probably keep it that way—so any pressure on prices will probably be mitigated by an under-supply of good property for investment.

While a fall in asset values would be reflected in share prices the overall picture of the sector presents a much stronger image than in the last recession. High interest rates no longer have the very depressing effect that they did. Debt has fallen to under 30 per cent of total assets for the top 40 companies in the sector, compared with over 50 per cent in the peak year of borrowing in 1975, and short-term debt is a much lower proportion than before. Moreover, most companies can look forward to a steady rise in profits as rent reviews and reversions come through and investors should see a progressive increase in dividends.

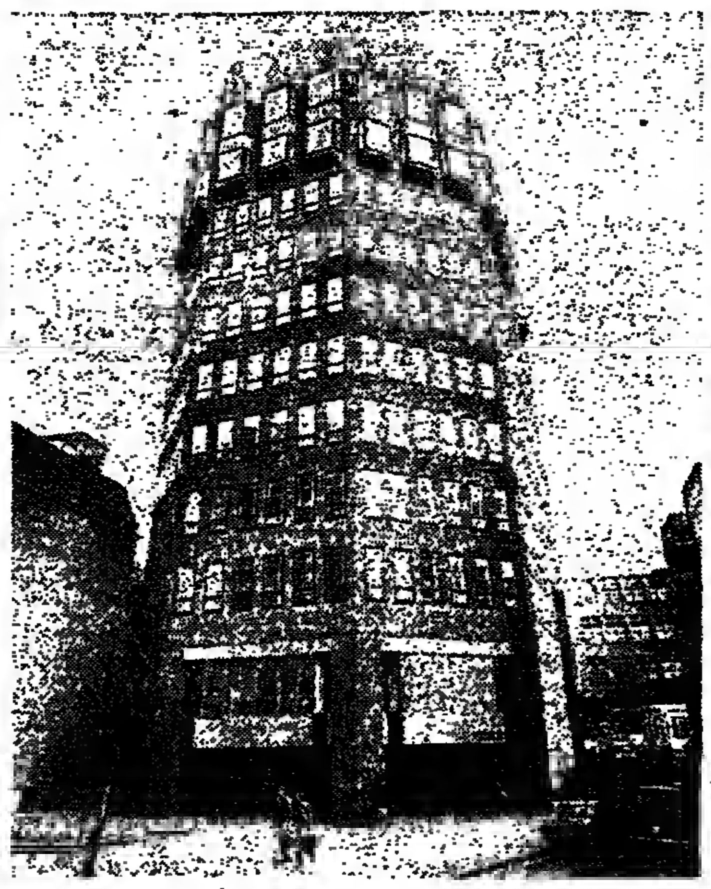
In a nutshell, the market is faced with a sector where profits and dividends are progressing at a time when the manufacturing sector is under considerable pressures. On the other hand there is that chance that asset values may come in for a knock, and really it is asset values which are the determining factor behind share prices.

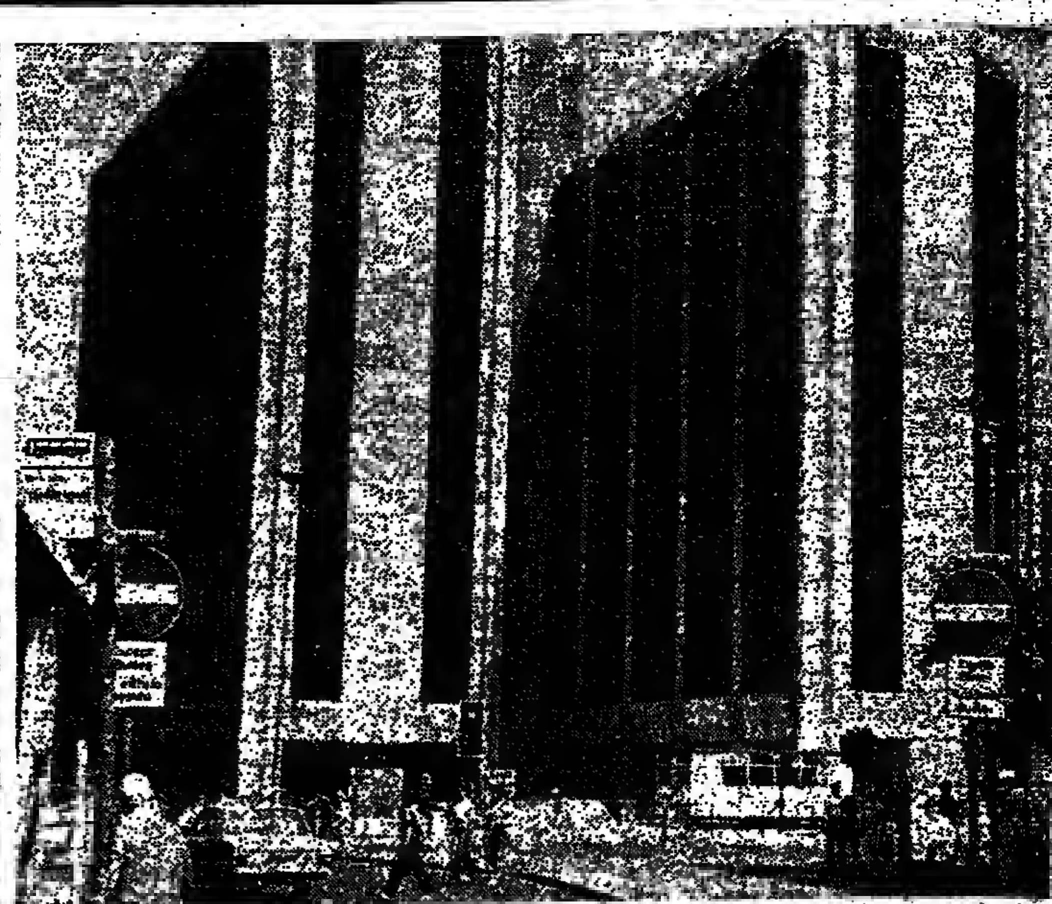
There are a couple of wild cards. There is always the thought that some of the groups will be bid for. Eagle Star scooped up Bernard Sunley last year and this month we see the Kuwait Investment Office launching a bid for Hay's Wharf where it already owns a 32.7 per cent stake which it picked up when it bought St. Martin's Property Corporation, in 1974. Yet, there are good reasons which may hold back an institution bidding for a property company. An institution would pick up a mixed bag of properties and really they only go for prime properties.

Despite the general feelings among the analysts that the sector will drift along with the market, generally, for the rest of the year there are a few companies which are considered worth buying. Land Securities, MEPC, Slough Estates and Haslemere are generally considered worthwhile, but inevitably views diverge—W. Greenwell rates Great Portland as a buy, Carr, Sebag believes the price is looking somewhat high.

Terry Garrett

PROPERTY IV





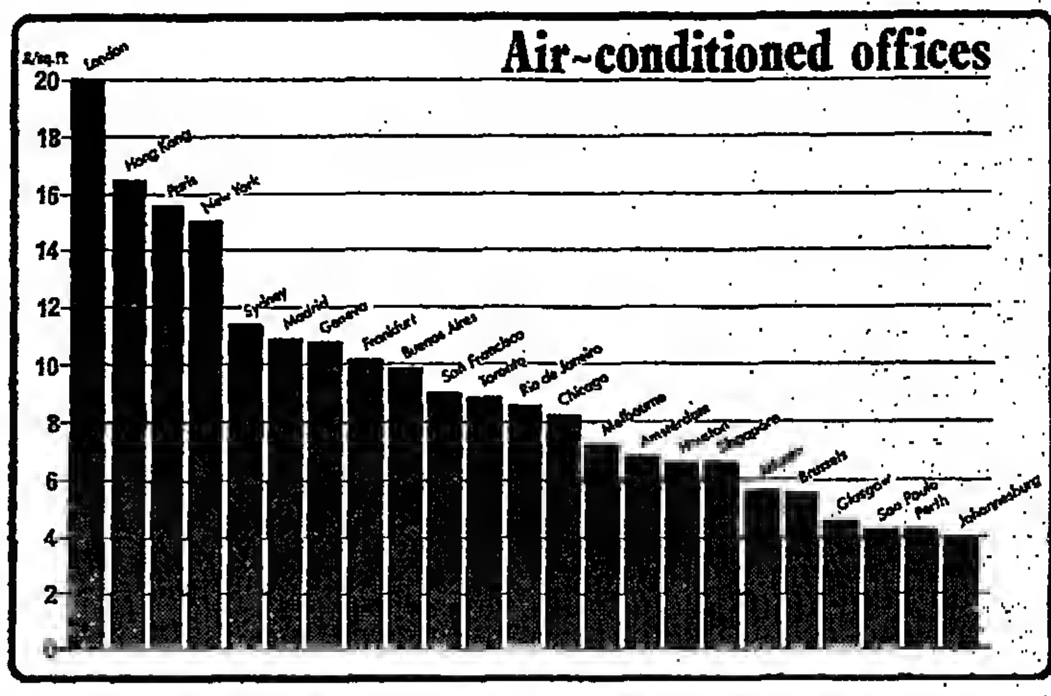
Left: The new head office of W. H. Smith in Fetter Lane, London; right, new buildings in central Cardiff

Demand is more selective in the office market

NO AMOUNT of wishful thinking and traditional property market optimism can disguise the fact that the UK office sector is going to find the next year or two somewhat tougher than the recent past.

It would be folly to suggest that the office market is about to crumble, with the collapse of recession-led demand taking capital values with it. But there are good grounds for forecasting that the market is in for a period of lower, more selective demand in which rentals continue on their present path and fail to match inflation.

It seems doubtful that the attraction of office space as an investment option for institutions—a factor which has proved as significant as actual tenant demand in stimulating recent development activity—will fade in the wake of what should be a short-term hiccup, though few observers would be surprised to see historically low yields of 4¼-4¾ per cent in London and the City (4¾-5¾ per cent elsewhere) easing slightly in the months ahead.



Substantial pace

The pace of office development over the last year or so has been substantial though not excessive and there seems no question of any major oversupply of space in the important office centres. Indeed, many of the provincial office locations are only now finding that they have cleared the backlog of vacant space left behind after the last boom and the absence of many substantial new schemes in the interim period has left them with space which is fairly closely aligned to demand.

Whatever the depths of the present recession and its consequent effect on space requirements, the prospect seems unlikely of an office market struggling for several years to get back on its feet.

But it seems equally clear that the level and nature of demand for office space in the remainder of 1980, and almost certainly throughout 1981 at least, will be changing, and there could be a surplus of certain types of office space.

The pattern will be mixed. Large schemes in London and the south-east are, for example, quite rare and may well be sufficiently scarce to attract tenants quickly (not that many developments are being put up without an occupier already lined up).

But the recession could ensure that a provincial market which in many places has just recovered its self-confidence could again be in for something of a slack time. The economic situation will almost certainly bring into play those old guidelines which seem to take on more than the usual importance when the economy turns down—location and quality. The gap between primary and scondary property may well widen.

At the same time, the quality of the covenant will become more important with the recession proving potentially more disastrous to some than to others, making landlords cast of closer than usual eye on the occupier's state of health.

The key to what lies ahead must rest largely with the office occupier's ability to continue expansion, and if only half the gloomy predictions are accepted that must mean fewer moves and contracting or at least stagnating requirements for space.

As the recent review from agents Edward Erdman pointed out: "There is a potential for office occupiers to defer moving or expanding, except in special circumstances such as those applicable to multi-national companies, and therefore tenant demand could diminish quite substantially. The impact of escalating buildings costs in this particular sector could be significant and, once the economy is reflated, substantial rental increases could follow.'

Brokers Savory Milln, in their first tilt at property—as opposed to construction—analysis, expect rentals to be sustained because of limited supply but, like most sensible observers, their crystal ball is cloudy about longer-term prospects.

They comment. "Despite recent talk of a new office development boom, the high land and construction costs, economic uncertainty and high interest rates are likely to discourage such a boom in the next two years, although the abolition of office development permits should ease development when circumstances permit. Should the economy take off in the early 1980s the scarcity of new developments could cause City rents to soar, although the recent report of the Property Advisory Group is doubtful about this."

The report in question has in its short-lived life proved to be a controversial document, predicting as it does that property after the recession can still expect comparatively slack demand—especially for offices—and weak rental growth. General development activity, it suggests, will be much reduced and the emphasis will be even more on refurbishment and renovation.

The report's views are not universally shared but in one sense its publication can do nothing but good, by setting minds to work on what could be a more detailed appraisal of future market conditions than might otherwise have been the case. For one criticism which might be fairly levelled at the property development industry is its readiness to react to an encouraging set of short-term circumstances without paying too much attention to likely future trends.

Pitfalls

The PAG report itself devotes considerable time and space to the subject of monitoring trends and the industry's past failure to turn an essentially reactionary mechanism into a more thoughtful one capable of minimising for itself the pitfalls which lie in its path.

In suggesting that a rethink of occupants' needs for the 1980s could lead to a substantial shift in the scale and nature of demand for office space, the Group is echoing the views of those who advance the theory that so-called "technological unemployment" will reduce what has been assumed to be a never-ending, if cyclical, demand for office accommodation.

Proponents of such a trend, whose good faith will almost certainly always be questioned as long as their objectives seem to be halting of specific schemes rather than the well being of the property sector, say an office employment revolution is nigh.

With predictions that the microprocessor could put 2m people out of work in the UK and that 40 per cent of all clerical occupations in West Germany could disappear within 10 years, they have powerful support for their views.

They claim the technological revolution will upset all the old factors which determined the pace, scale and type of office expansion and that the successful company will inevitably either be looking for smaller premises or wanting to divest itself of some of its existing space. The only expanding companies, they claim, will be a handful of specialist operators or organisations which cannot cope with new technology and whose expansion will be short-lived.

They go on to suggest that total demand for office space in the UK will fall by up to 20 per cent within the "foreseeable future," though centres like London might escape the full impact of such a trend because of its special characteristics.

Perhaps the truth lies somewhere between the traditionalists who believe the market place for office space will not change fundamentally, though it may continue to fluctuate wildly, and those who believe that a revolution is on the way.

No harm will come from this debate if the development industry appreciates at the end of the day, that the underlying demand for office space as they know it is not necessarily finite and that their activities must be subject to repeated reviews. The institutions, who tend to have a certain influence in these spheres today, could do worse than to ensure such self-examination becomes a way of life.

Michael Cassell

Some shop rents are falling

LAST TUESDAY the shares of Harris Queensway, the carpet and furniture retailer which is one of the current darlings of the market, crashed by 30p to 143p. The company's official broker, L. Messel, had just revised its profit forecast for the recently merged group. Instead of the £12m or so of pre-tax-profits the analysts had been looking for by the end of this year, they now think the company will be doing well to maintain last year's £8.25m.

The reasons were not far to seek. On the same day that Messel produced its gloomy revision the Department of Trade issued its final estimate of retail sales volume for May. The overall index was 2½ per cent lower than the average level for the first three months of the year and discretionary spending showed the way down.

Spending on household goods, for example, was nearly 5½ per cent less than in the first quarter and retailers have been open about their belief that demand has weakened further since the end of May.

Harris Queensway, the brokers mildly pointed out, could not expect to avoid some of the effects of this downturn. Stock turn must be slowing down, putting pressure on working capital requirements at a time when interest rates on overdrafts remain high.

Then there were a couple of special factors which knocked on from the fundamental trading pressures. Harris Queensway has a new carpet warehouse at Swanley, Kent, which should by now have started to produce significant cost savings. But, with throughput slowing down that benefit would probably be delayed. It is also spending heavily on property.

In fact Harris Queensway is in good financial shape, the brokers stress, and well equipped to meet the pressures. Next year, if consumer durable sales only climb to average levels, profits should be very good, they say.

The stockmarket thought again about the company's longer term prospects and decided that it had overdone the fall in the share price which recovered quite sharply on Wednesday. But the property market may not be looking so far ahead.

In academic circles it is being fiercely debated whether there is a casual relationship between rises and falls in shop rentals and changes in the pattern of retails sales volumes. Certainly there are signs of coincidence.

If so the shop market may have been foretelling the consumer spending decline since last summer. The Investors Chronicle/Hillier Parker Rent Index, adjusted for inflation, stood at 165 in May last year. By November it had dropped 2.3 per cent and the downturn has been accelerating. By this May the index represented an 8.2 per cent decline.

Further confirmation that shop rents have been falling came in last Friday's FT/RICS survey of opinion of estate agents. Nineteen per cent of agents across the country now think secondary shop rents are falling. In March only 5 per cent held that view.

So far as prime shops are concerned 9 per cent now see rents coming down. In March a bare 1 per cent held that view.

Differences

But there are much more striking differences when it comes to a regional breakdown. Confidence has really collapsed among London's West End shop specialists. Forty-three per cent of them now admit rents are coming down. In March the bears numbered only 5 per cent.

Not significantly the West End has been the area hardest hit by the slump in retail volume with the withdrawal of Arab support and a general decline in tourism because of sterling's strength.

However, elsewhere in this survey we have argued that consumer spending overall does not look ready to turn into a rout and retailers may rightly expect the recession to hit them less than it will hit industry.

Sir John Sainsbury, one of the doyens of the retailing sector, told shareholders less than a fortnight ago that while trading prospects were not wonderful the worst he expected was that "the purchasing power of Sainsbury's customers would cease to grow."

In the face of this he was still proposing to expand over the next three years at a substantially faster rate than in the last three. Sales area is planed to grow by 30 per cent over this period.

Capital spending, which reached £50m last year, could rise to £90m this year.

Tesco, too, is embarked on an ambitious rolling programme of new building and additions, designed like Sainsbury's, to increase floor space by a third over the next four years.

Both companies, it seems will be looking to outside funding for at least a proportion of the cost of these programmes. Sir John said that "if necessary there would be a limited amount of sales and leasebacks" though no extensive bank borrowings. Brokers are forecasting much the same ploy from Mr. Leslie Porter at Tesco.

The sale and leaseback programmes, when they are unveiled, are expected to meet with instant success among the buying institutions.

The big pension funds may have been looking at investment properties somewhat askance for the past year with yields looking distinctly strained by contrast to the money market and gilt edged returns.

But if minimu lending rates are now on the way down the prospects become much brighter that the fuods will actually come into the market on the current yield base.

In any case High Street sbops have never been quite as out of favour with the funds as, say, office properties over the past couple of years. And units occupied by Sainsbury and Tesco would top any popularity list in any case.

At one stage late last year and in the early spring some pundits were forecasting problems in the High Street as a result of rationalisations following the spate of retail mergers and rescues. The argument ran that each merger would lead to a decline in the overall number of units occupied by the two original companies; and the number of mergers was running high enongh to put pressure on other operations to take up the units shaken out.

The "gaps in the High Street" theory, however, has now receded as the spate of mergers has belied it. Now optimists are talking of the bealthy defensive qualities of High Street retailers which can continue to take up the slack of even of strong bout of rationalisation.

It is not yet clear whether the run of mergers is now over or whether the continuing squeeze on working capital, to which some are much more vulnerable than others, will produce more easy prey for the carnivores.

One interesting facet of the takeovers so far has been the question of property valuations. In most cases the predator has been of the same species as its victim. It bas, therefore, mostly been able to utilise existing fittings in the units acquired.

In at least one recent case—the takeover of Maple and Company by Waring and Gillow—this gave rise to some tricky problems of valuation.

The fundamental basis of valuation is that properties must be assessed on the basis of an open market. They must not be assessed on the special valze which ignores the special items, by a particular potential buyer.

In the case of retailers, where tenants' fixtures and fittings such as escalators and elaborate displays are a hugely expensive item, the open market basis, which ignores the special items, has long been regarded as unfair.

The Royal Institution of Chartered Surveyors has, therefore, permitted shops to he valued on an alternative basis: valuing the shell on an open market basis with an additional sum representing the discounted value of current costs of fitting out.

For one reason or another Maple's valuers were unable to use the alternative although the board loudly, if informally, stressed the snrplus it would have created for the company's asset value. As a result retail grouns on the defensive ahead of possible takeover must now be acutely conscious of two approaches to valuation.

Christine Moir

A NEW £6m office development by Milton Keynes Development Corporation and funded by Nnrwich Unlon Insurance Group becomes operational this month.

Occupying a prestigious city centre position, the development (above) camprises two parallel buildings, Ashton and Nnrfolk honse, which logether provide abnut 13,000 square metres (140,000 sq ft) of office accommodation.

Ashtnn House is fnlly let and the tenants—Barclays Bank, Sentry Insurance Gronp, General Fnods and McIntyre Hndson—are now fitting nut their premises.

Negotiations are ln band fnr the letting of 6,500 square metres (70,000 sq ft) of Norfolk Honse. Leltings are being handled by the Development Corporation's commercial department.

The relnforced conerete structure of the bnildings ls clad overall in aluminium curtaln wall, glazed with light and heat-reflecting glass. Each of the two blncks has three 8-person lifts, finished ln stainless steel and large enongh to accommodate a wheelchair. The buildings have spacious foyers and will he attractively landscaped with generous ground-level parking spaces on three sides.

Central Milton Keynes ls the heart of the new city and is rapldly emerging as a major regional office location. There are now 10 office bulldtngs totalllng nearly 65,000 square metres (700,000 sq ft) compleled or under construction ln the area, as well as one of the largest covered shopping buildings ln Enrope, with more than 1m sq ft of retall space.

Abont £56m bas been invested in city centre development by private investment lnstitutions, so far.

New towns face a difficult time

MR. MICHAEL HESELTINE'S order—or was it only a request?—to the English New Towns authorities to sell £120m worth of properties by last March and a further £200m by tbe end of this fiscal year seems to have been a sadly hotcbed affalr.

Last August it was discovered that Mr. Heseltine as Environment Secretary had ordered all but the youngest generation of New Towna to sell £120m of their assets ln pursuit of the Government's aim of reducing the Public Sector Borrowing Requlrement by major asset sales.

To ensure their compllance with the order he held up their current development programmes noder a one-mooth moratorium and held over their heads the threat that if the sales were not agreed their borrowing powers might not he extended to cover their commitments.

Not until April of this year did it become widely known that Mr. Heseltine had never had the authority to order such sales.

The New Towns Act empowers tbe Secretary of State to authorise sales of completed properties of the New Towns only ln order tn finance further development.

Mr. Heseltine admitted in Parliament in April that he had no further power to order sales for wider purposes such as the improvement of the general economy. However, he denied that his dealings with tbe New Town authorities had heen an "order." He had only "requested" them to undertake the sales.

Meanwhile, bowever, he was making sure that the powers he sought to turn his request into sometbing stronger were being incorporated in the new Local Government Planning and Land (No. 2) Bill.

Two clauses had beeb introduced into the draft Bill giving him tbe powers to demand that the New Towns pay him sums of money oo demand whlch would come from the proceeds of property sales.

That Bill has got bogged down in the Commons for a variety of reasons hut, lest recalcitrant New Town chairmen think they need not comply with Mr. Heseltine's request, is confidently expected to get its Royal assent some time in the autumn before this session of Parliameot is dissolved.

At that point Mr. Heseltioe will he able to order the towns to dispose of £330m of properties in all—just about half their staled completed properties in the balance sheets in March 1979—by next March.

That could he quite a tall order sioce the towns bave not yet met the £120m target for the original tranche.

Great debate

First there was the confusion over wbether Mr. Heseltine's request needed to be heeded.

Then there was au uproar over whether tbe whole idea was immoral hecause il would break up huildings, services and whole communities designed with the specific aim of preserving development value for the community rather than letting it get into private pockets (even if these probably turned out to be large peosion funds).

Third, there was a great debate over the way in whicb the sales should take place and what would happen to residual properties or amenities whicb would not be saleable on a commercial basis.

That debate is still not over. In May Mr. Marcus Fox, a junior Environment Minister, said that the Government had not yet decided what would happen to any unsold assets. It was still "open to suggestions."

Commercial property men had foreseen tbis problem from the moment the extent of the sales was announced and had proposed various solutions. The most attractive of these would bave heen to package whole towns or areas as "trusts for sale" so that purchaser would have to buy both good and bad properties, rent-yielding buildings and amenities, ln one hag. Local communities would also have been ahle to retaln a useful stake ln their towns under this system.

If these problems and dlbates slowed down the first tranche of sales, tbere was another more specific set of prohleus.

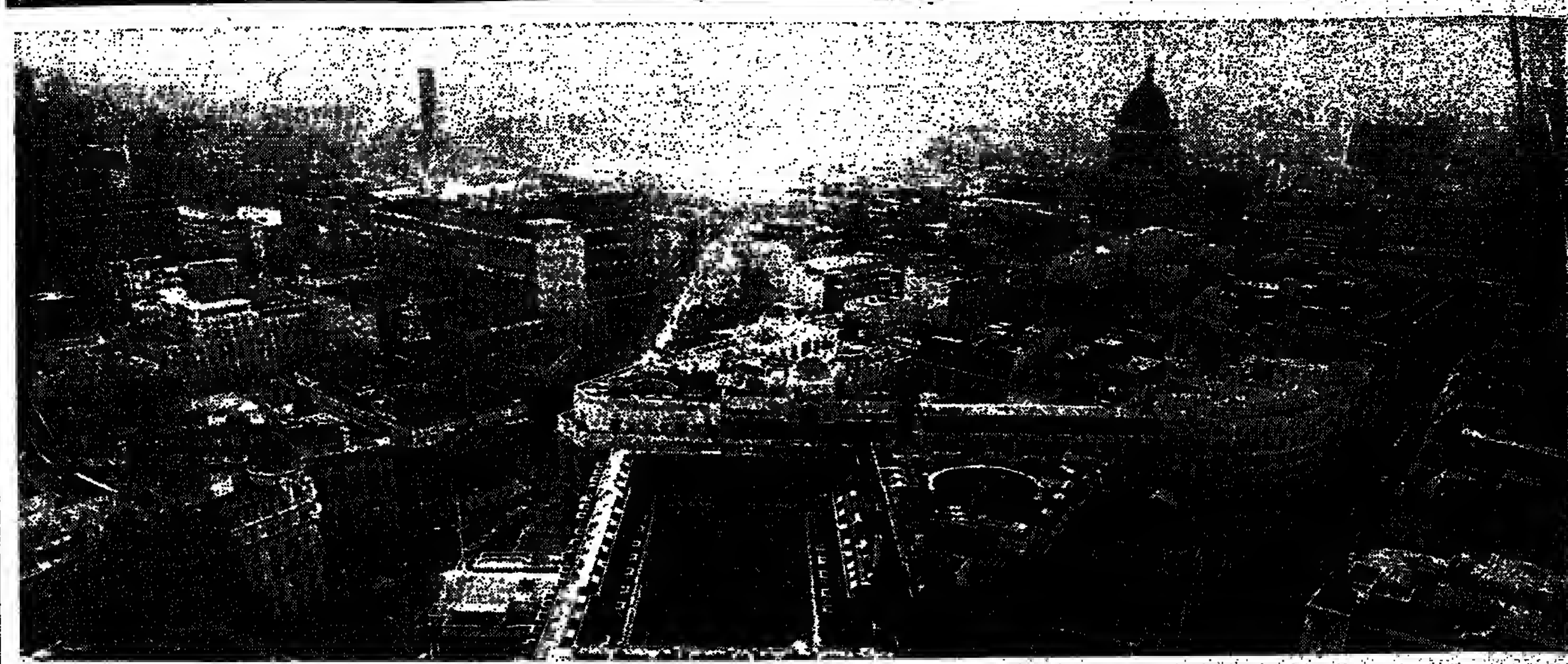
Tbe new town chairmen claim thai a crucial six weeks wtre lost at the beginning of the campaign as the Government decided whether sittiog tenants should be given first refusal on their properties and whether tbe towns should sell freeholds or only long leaseholds.

Meanwhile the recession had set in and industrialists were becoming less than keen on borrowing to buy capltal assets when their working capital requirements were also under strain.

By the end of Marcb only about £60m worth of property had heen sold or was under negotiation. Since then the recession bas deepened, and institutional buyers have become very cooscious that the New Towns are under extreme pressure to oieet their targets. These now, of course, are for the remainder of last year's target plus the £200m demanded this year.

The New Towns, then, face a difficult time. It ls never a good bargalning position to he a known forced seller.

Christine Moir



The demand for top quality offices in the City of London has remained surprisingly strong

More stability in office market

The City

CITY OF LONDON office rents, having risen sharply during the past 18 months, may now be approaching a plateau as industry and commerce re-appraise investment intentions in the light of the current recession.

Recent deals in and around the City fringes suggest that rents may already be close to peaking and, although demand for top quality space has remained surprisingly strong, few agents, who take a realistic view of the market, would expect the present level of letting activity to continue unabated.

That is not to say that some rental growth may not still occur during the next 12 months, but rises over this period may not be much more than a few percentage points aod rent increases are certainly not expected to keep pace with inflation presently running at an annual rate of more than 20 per cent.

However, despite this more uncertain outlook, the City office market has entered the 1980s displaying a stability it sorely lacked for much of the previous decade. The fact that there has yet been no significant erosion of rental values, despite record interest rates since last November, is a tribute to the recent strength of the market.

The City is therefore much more strongly placed to withstand the rigours of recession than it was in 1974/75, when a combination of factors sent rents and capital values tumbling, forcing the less financially secure, highly geared property companies into the hands of receivers.

Most importantly, the market has more than absorbed the vast over-supply of space that was left after the 1974/75 collapse and although a number of major schemes are now underway, particularly on the City fringes, most of these will not be completed and ready for occupation for two or three years — by which time hopefully a world economic recovery will be hopefully underway.

In the meantime, the shortage of good quality accommodation, particularly large space, should help underpin City rents which, in cash terms, have only recently caught up with levels prevailing before the property collapse.

In real terms, a rent of £23.50 which Deutsche Bank recently agreed to pay for 70,000 sq ft of offices at 6-8, Bishopgate—the highest rental so far agreed for large city space—is well below 1973 levels, after allowing for inflation.

While the City office market looks secure for the next two or three years—until the present building programme starts to work through—there has recently been a much wider debate as to what impact will technological advances and the continued decentralisation of routine clerical work away from London have on the capital's longest-term office needs.

Opponents of major developments which are proposed for sites such as at Coin Street on the south bank of the Thames, have argued strenuously that advances such as the micro chip and Prestel will reduce (rather than increase) the need for central London offices.

Emphasise

They emphasise that there is already a drift away by major office users to areas such as Reading, Slough and Windsor where rents recently have been rising relatively much faster than in the City.

According to figures produced by the Department of Environment and the Greater London Council, the number of office workers in central London declined from 757,000 to 680,000, between 1966 and 1976.

However, while numbers of office workers have steadily declined over the past 15 years, the amount of space used by individual employees has risen sharply, as routine office functions have been replaced by higher level managerial and financial service functions, such as banking and insurance.

Stockbrokers Vickers da Costa, in its recent review of the central London market, says that demand for City accommodation will continue to be underpinned by both national and international office users who "need to be near the centre of Government and the specialist financial skills of the City."

It is a view shared by leading commercial agents, Jones Lang Wootton which has recently completed a comprehensive study of the likely future space needs of the banking, insurance, shipping, stockbroking, accounting and legal professions in the City.

JLW, which used Industrial Market Research to carry out extensive interviews — taking a sample of 30 per cent of office users from each sector — concluded: "The general view of those interviewed shows a total likely increase in employment of about 3 per cent, overall, during the next two years, with decline in losurance employment and growth in banking and sectors typically employing professional rather than clerical staff."

However, despite the anticipated growth in employment in these sectors, JLW says that there is "likely to be very little net increase in the amount of space occupied, overall" as tenants will be vacating existing premises to move to other buildings which are more suitable to the changing nature of their operations. The only sectors where there is likely to be net increase in office accommodation is in the banking, accounting and legal professions, according to the agents.

On new development, JLW say that a total of 4.5m sq ft of useable office space (70 per cent of which is already under construction) is expected to come onto the market between 1980 and 1983. To make way for this wave of new building, however, some 2m sq ft of net office accommodation is expected to be demolished.

About two thirds of the new space planned is for owner-occupation or has been pre-let, say the agents, with a warning that "given the recessionary conditions in the world economy, plus the amount of new and refurbished floorspace in the pipeline, it is possible that real prime rentals will be static up to the end of 1982."

While JLW's and Vickers da Costa's well-reasoned arguments support the view that strong demand for an office presence in the City is likely to continue, the picture for City fringe markets and other areas away from central London is less clear.

In the light of present building plans for the south bank, where Hays Wharf recently unveiled proposals for a 2m sq ft office scheme, a passage from the Property Advisory Group report on the development industry may provide a salutory warning.

Attitudes

It says: "The need to conserve energy, coupled with fast rising travel costs and changing employment patterns will have an impact on tenants' attitudes. There may well be relatively little demand for fresh office development and the industry's efforts will be concentrated on the refurbishment of existing stock with a view to maintaining its value as an investment."

Meanwhile, the City remains the single most important commercial property market in the world commanding higher office rents than any other major international centre.

A survey conducted of more than 20 leading cities conducted by British estate agents, Richard Ellis showed that for top quality suites of 5,000 sq. ft. tenants in the City of London can expect to pay almost £4 a sq. ft. more than Hong Kong, the second most expensive office location.

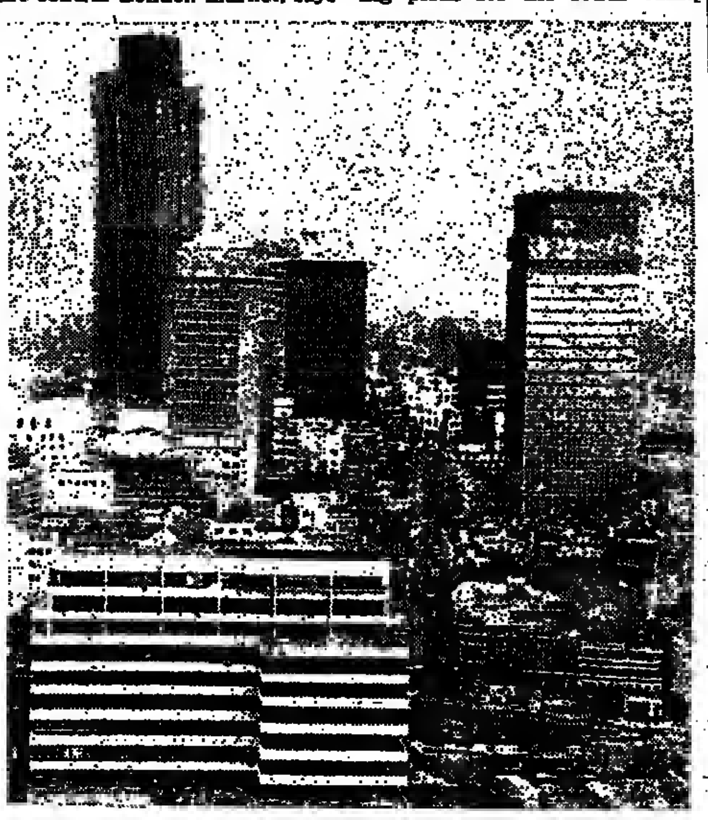
For international tenants, the City offers an unrivalled range of financial services. Leading institutions, such as the Stock Exchange, the Bank of England, Lloyd's of London and major commodity markets are all situeted in little more than a square mile.

Furthermore, although rents in the City are higher than anywhere else in the world, other costs—such as wages—are significantly lower than in many leading countries.

A survey prepared last year by the now defunct Location of Offices Bureau showed that when wages and rents are combined the cost of running an office in the City can work out between 53 per cent and 75 per cent cheaper than in Paris, Geneva and Dusseldorf — the most expensive European locations.

The City's position as the world's most prestigious office market looks secure.

Andrew Taylor



Office rents in the City are higher than anywhere else in the world. Above: view from London Bridge, looking towards the Nat-West Tower


The confidence of retailers in the West End is at a low ebb. Above, left, a view of Oxford Street; right, Piccadilly Circus

Strength about to be tested as recession bites

The West End

SUGGESTIONS THAT prime rents in London's West End office market could hit £22 a square foot by next year seem increasingly optimistic as the economic situation deteriorates.

The market enjoyed a year of high activity in 1979 and demand for space has remained strong up to the present. But not even those factors which have established and sustained the West End as one of the premier office locations for UK and—as important—international companies will completely shelter it from the impact of the type of recession now being forecast.

The West End has over the years proved a prime and popular location, given the proximity and excellent shopping facilities, the availability of hotel and restaurant facilities and the nearnes of the City. In addition, a relatively small area can offer a range of office accommodation to suit most needs and the restricted supply of space has in the past proved instrumental in supporting rentals and investment activity despite any short-term market difficulties.

For some time, however, there has been no appreciable upturn in demand, with prime rentals for air-conditioned buildings remaining at betweeo £16-£17 a square foot, though there are some higher exceptions to this general level.

While inflation may push rents higher over the coming months, there will clearly be no real increases and there may well be some slipping back. At best a plateau appears to have been reached and is likely to be sustained.

One indication of a weakening market is the relnctance on the part of tenants to make premium payments and fewer West End deals now involve such considerations. Another indication that pressures oo corporate finances are beginning to effect decisions on accommodation is the spate of period refurbishments which are sticking on the market.

Significant numbers of converted and restored houses, which characterise much of the West End office market and help provide it with its air of exclusivity, are now looking for tenants as potential customers increasingly opt for purpose-built space. With rents at present levels, tenants are naturally anxious to ensure maximum utilisation of space and on those grounds older properties bave significant disadvantages. Their lure will remain strong, bowever, for those companies anxious to establish and maintain a corporate identity with the help of their own front door.

Inquiry

Of more than passing interest to the West End property market has been the future of no less than 1.8m sq ft of covered by so-called "temporary" office permits given after the last war. A public inquiry to examine the future use of the residential buildings in question was held last year in view of the City of Westminster's determination to see that any further renewal of permits should not be allowed.

The report of the inquiry inspector suggested that perhaps Westminster was being a little bit basty in its wish to see total reversion to residential accommodation and that it should rethink its policy. The subject is due to be discussed further by the Council at the end of this week.

The removal of nearly 2m sq ft of office space from the West End market would clearly have had major implications, with every prospect that rents for the remaining stock could have moved sharply ahead. The small question of who would commit themselves to the huge expenditure involved in reconversion and who would live in the properties involved may, therefore, not have to be answered. It could well be, however, that the end result will be a compromise in which some permits are removed while other buildings are granted full office use.

In the retail sector, prospects for the West End do not look good. The heart of the local market—Oxford Street and Regent Street—has been experiencing declining numbers of customers and lower sales since the end of 1979. With the domestic recession beginning to bite and tourists fewer and spending less, all the predictions of increasingly difficult trading conditions are being fulfilled as the year progresses.

Retailers' confidence is at a low ebb and more and more space is becoming available as many smaller businesses fold up or relocate where overheads are more manageable. Though it may not be evident to the casual observer, substantial numbers of shop units in the West End are looking for new tenants and with the recession only just beginning to bite the outlook for rents must be fairly gloomy.

While the smaller boutique-type traders have so far felt the brunt of the cutback in spending there is growing concern that even the larger multiples will this time find trading conditions extremely tough and it remains to be seen whether larger units of space become available over the coming months.

Longer term confidence in the West End shops markets is likely to remain intact, however, affording some comfort to the likes of MEPC, which is pressing ahead with its "West One" covered scheme and hopes to have units open early next year.

Michael Cassell

Industry's ills have yet to cause real hurt

The Midlands

INDUSTRY IN the Midlands is suffering badly as a result of the recession, the effect on the industrial and commercial property market appears to be less severe than many had feared, although it may be too early for optimism.

Predictably, the number of inquiries relating to industrial space has fallen off noticeably in the past couple of months, and larger older premises are proving difficult to let in some areas. On the other hand there is still demand for new premises, particularly in some of the major developments.

These include the Fort Industrial Park, where 60,000 sq ft has mostly been let at prices ranging between £1.90 and £2.05 a sq ft, and another 200,000 sq ft will become available from September onwards. Agents are looking for prices of around £2.15 a sq ft for this space.

Another important new development is the Monkspath Industrial Park at Solihull, undertaken by Bryant-Samuel Investment, in association with the Standard Life Assurance Company. The joint agents are Grimley and Son and Phoenix Beard, who also have the management role.

More than 900,000 sq ft of new warehouse and industrial accommodation will be provided on the site eventually, and 200,000 sq ft of the first phase is becoming available this summer.

The first 15,000 sq ft haa now been let at £2.30 a sq ft (the target price), and more is expected to be let in the next few months at prices ranging from £2.30 to £2.50. Units are being offered in a range of sizes from 5,000 sq ft upwards.

These two key developments in the Midlands area indicate that there is a continuing demand for new, good quality industrial space which is well situated. The Coleshill Industrial Estate, located within 1½ miles of the M6 and the M42, falls into the same category.

Completed

This project, undertaken by Shepherd Development, offers new units ranging from 5,000 sq ft to 41,000 sq ft. Under phase one of the scheme, nine units, amounting to 60,000 sq ft, were built and letting has just been completed.

Under the sacond phase, four units of 10,250 sq ft will become available from September, another five 8,000 sq ft units from November and a further four units of 5,000 sq ft from February next year.

Plans for a third phase are not yet complete, but a 1½ acre site has been sold for development by an industrial company, but further property may be built for letting. The agents for the development are G. F. Darby of Coleshill and Cartwright Holt and Sons of Coventry.

While many of these premises are achieving rents of £2.30 to £2.50, prices are certain to rise towards the end of this year and early next year as higher building costs are reflected. However, it remains to be seen, in the present economic climate, whether there will be any notable resistance to these increases.

In the office property sector, Birmingham's stock of space built up during the property boom in the 1970s, continues to be reduced. A recent survey by Elliott Son and Boyton showed that in March this year, there was around 750,000 sq ft of prime accommodation available in the central Birmiogham area. Space taken in the six months period prior to March amounted to more than 230,000 sq ft.

A similar survey conducted by Phoenix Beard in mid-June showed that space available in the central area had fallen to around 716,000 sq ft, compared with 900,000 sq ft in September last year.

Their figure for the Edgbaston area was 178,400 sq ft, virtually the same as Elliott Son and Boytoo's estimate for March, indicating that in this prime area space is becoming available as it can be rented.

Reotal prices now range from arouod £5.50 a sq ft in the central Birmingham area — a figure which has prevailed for about the last 12 months, to £2.00 to £3.00 on the fringes of the city centre. Although a great deal of property in prime areas is coming on the market later this year and early oext, some agents are predicting rent prices of perhaps £8.00 to £9.00 a sq ft by the end of 1981.

Overall, it is estimated that the stock of space available in the city centre and Edgbaston areas have dropped by up to 20 per cent since September last year — a factor which has clearly put upward pressure on prices.

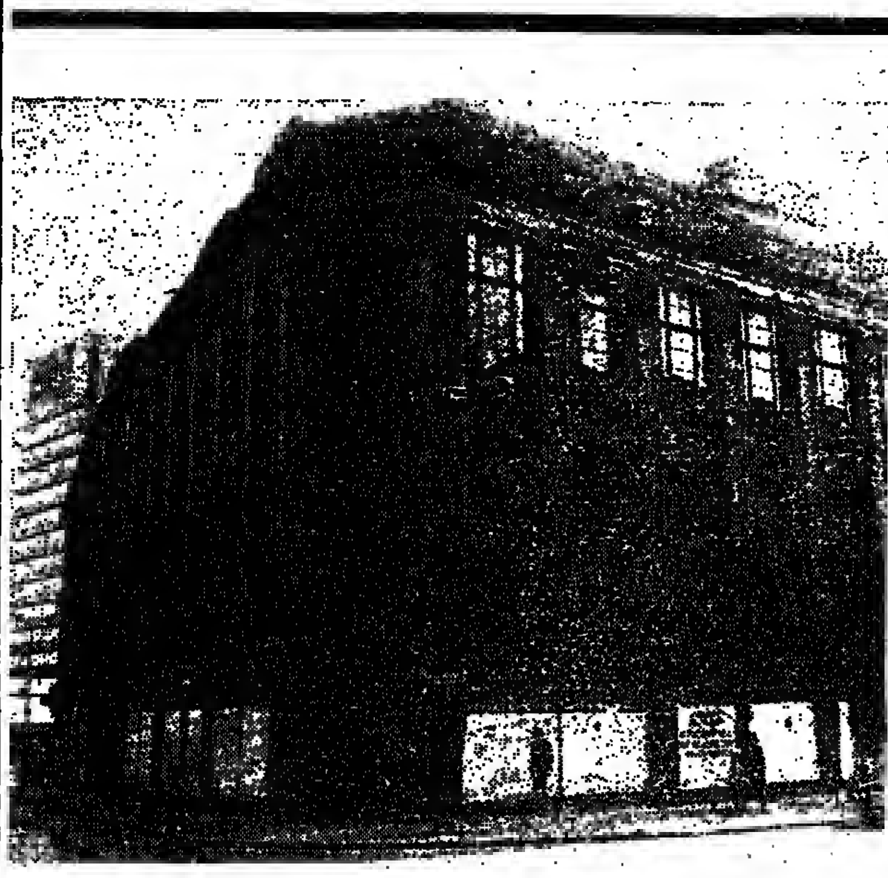
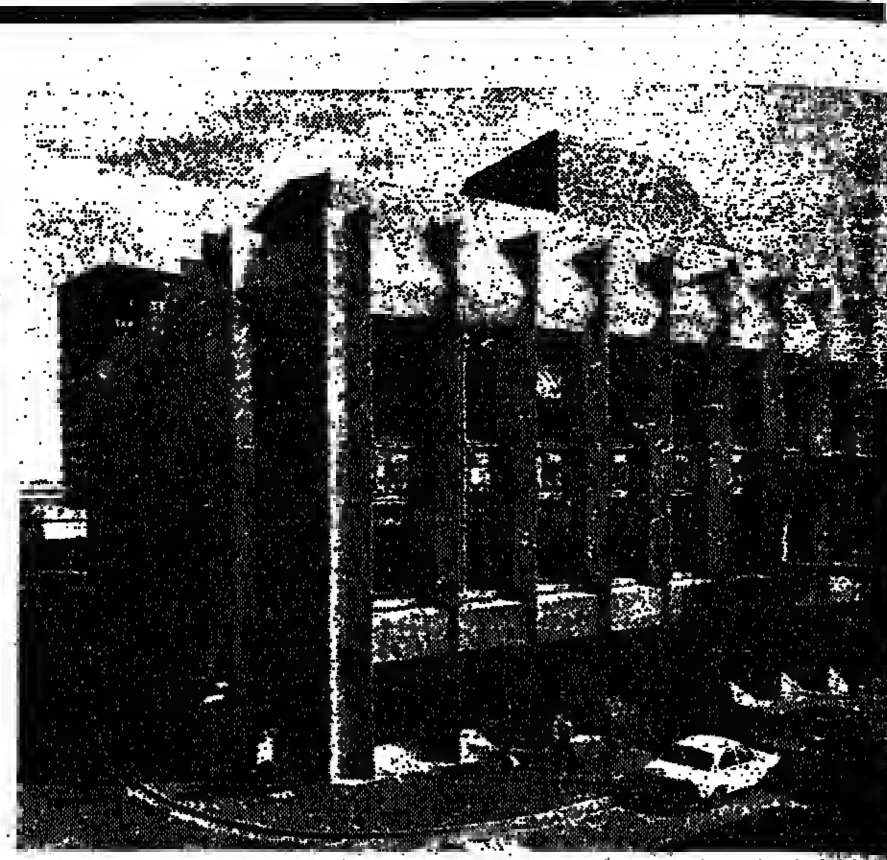
There is also evidence that the effect of the micro-processor revolution is being felt in offices — possibly a factor leading to lower demand — but this is countered with the theory that companies introducing new equipment of this kind are allowing for more space per office worker.

Although there are reports of deals now taking place at up to £7 a sq ft in choice locations, the picture is very different in some of the surrounding areas of the Midlands. In the suburbs, for example, some agents are finding it difficult to attract tenants at rates as low as £1.50 a sq ft.

Although the commercial property market in general appears to be performing well, there are some nasty patches which should perhaps be taken as a warning that economic factors cannot be ignored.

Lorne Barling

PROPERTY VIII

An increase in refurbishment is particularly strong in areas where buildings are ripe for renovation. Above: an impressive transformation, showing, left, the exterior of the old Co-operative store in Blackburn and, right, after conversion by Building Design Partnership into a new Central Library

Consolidation of achievements

The North West

TWO IMPORTANT milestones have been reached in the North West property market over the course of the past year. In prime office locations, rentals of £4 per square foot have been sought and obtained while for top quality new industrial space an asking price of £2 is also being achieved.

But if the past year has been one of continued growth in rentals—helped in the office sector by a slowdown in the rate of new building in important centres such as Manchester—the period ahead now looks likely under the weight of recession to be one of consolidation.

In the North West, as in other parts of the UK, a major shake-out in manufacturing industry has been taking place, with new developments only partially replacing the jobs and value of output lost. In its annual report earlier this month, the North West Industrial Development Association pointed out that some 42,000 jobs in the region had been lost in the previous 12 months compared with 38,053 in the corresponding period a year earlier. Unemployment in the region has risen to more than 8 per cent and perhaps most disturbingly the unemployment/vacancy ratio is currently twice that of the UK as a whole.

Set against this the area has drawn strength from the expansion of some of its most important industries, including aerospace. British Aerospace, with factories at Preston, Chester and Manchester, has an order book totalling more than £3bn and is a partner in the European Airlines project which is expected to be a major creator of new jobs throughout Europe over the next few years.

Growth

The North West has also been sharing in the growth of microelectronics through Ferranti, which is currently undertaking a major investment programme at Oldham, through International Computers which has much of its activities in Manchester and through such newcomers to the area as United Peripherals which is building a plant in Crewe for the research, development, engineering, and manufacture of rotating disc memory products for computer systems.

Even in this expanding area, however, there have been disappointments, including most recently the abandonment of the proposed microelectronics plant which GEC and Fairchild were to build at Neston in Cheshire. The two companies for different reasons have decided not to proceed and the factory which is already under construction will be used instead for defence systems.

The contraction of industry in the area has meant that large amounts of vacant space, much of it in large units on one site, has been overhanging the market in the North West, with little prospect of major new users being found to fill it. Thus, in Liverpool, a 287,000 sq ft site at Edge Lane, formerly used by Plessey, is on the market and, in Manchester, ICL is trying to dispose of 212,000 sq ft of space in Dukinfield.

Vacant industrial space in the region at the end of March totalled 17.5m sq ft in 401 different buildings, and although this is slightly less than a year earlier it seems likely the total will have increased substantially over recent months. Space available in old mills totalled 5m sq ft at the end of March, with 76 buildings still looking for new occupiers. Further mill closures since then have added to this total.

The pattern in the past has been for mills to be redeveloped for multi-occupation by small businesses many of which are unable to afford the rentals charged in newer accommodation and this is likely to be the eventual fate of most of the mills now coming on the market. One of the biggest old mill properties, Cromer at Middleton with more than 500,000 square feet of space, is being adapted in this way to provide units ranging from 2,300 square feet to 10,000 square feet and the developers are confident of letting most of the accommodation.

The key in this case has been the high proportion of ground floor space, and although considerable industrial space is available in the region property agents report that for certain types of accommodation containing features that industry—or more often warehousing—requires, demand remains reasonably strong. This means in effect ground floor space with good access for long vehicles, and in reasonable proximity to the motorway network.

Smaller units

The main demand is for units of 5,000 to 15,000 square feet suitable for warehousing, though in the inner urban areas of Manchester and Liverpool much smaller nursery units have also been popular.

In greater Manchester, the south and west, including the airport and Trafford Park area, have proved particularly attractive for warehousing because of their good motorway connections. There are signs, too, that the extension of the M63 motorway through Stockport will raise the interest of developers in the eastern part of the area.

The area's four new towns—Warrington, Runcorn, Skelmersdale and Central Lancashire—have also been able to take advantage of good motorway links to attract warehousing and industrial development, with Warrington for example planning new accommodation totalling in excess of 1m square feet.

In offices, the main trend over the past year has been a significant reduction in Manchester—the most important commercial centre in the region—in the amount of new property becoming available and this has resulted in supply and demand coming back into balance. Among the most important lettings have been the decision by ICL to take a substantial part of the office accommodation in the new Arndale centre in Manchester.

Within Manchester's banking district, in the King Street/Spring Gardens area of the city, the slowdown in new building has placed increased emphasis on refurbishment, mostly for smaller tenants, with almost 100,000 sq ft of space currently believed to be receiving this treatment.

Estate agents expect a growing shortage to develop over the next few years with consequent implications for rent levels and a possible increase in interest in suburban locations in the Manchester area such as Sale, Altrincham, Stretford and Stockport. The £4m rent levels now being achieved are for good quality office space in the prime area but a sign of the likely trend is the letting of the new Heron House development, due to be completed opposite Manchester town hall next year, to the city council at £4.95 per sq ft. According to estate agents, W. H. Robinson, rental levels generally are likely to be at this level within the next 18 months. The exact timing, however, is inevitably going to depend on just how deep the present recession proves to be.

Rhys David

Patchy optimism in face of recession

Scotland

THE RECESSION is hiting hard and deep in Scotland, pushing unemployment to its highest level since the war and reducing business confidence to a depressingly low level.

The catalogue of company closures and labour redundancies continues unabated, tangible evidence of the erosion of the manufacturing base of the country that has been noticeable in the statistics for many years. Many areas, particularly in the west, contain large factories which have stood empty and idle for months and years and are likely to remain so for the foreseeable future.

Against this background it is a wonder that the property market can maintain any optimism at all—but it does. There is no doubt that the recession is now making its mark on lettings, most obviously for manufacturing space, less so for warehousing, retail and office accommodation. Yet demand is still sufficient to justify some new development and—at least in some areas—rents are rising.

Glasgow is the third largest centre in the UK for office space, yet rents have lagged behind those in other Scottish cities such as Edinburgh and Aberdeen because demand has been running below supply. Agents Richard Ellis, in their review of the Scottish market published a few weeks ago, argues that this situation is about to change. Over the next few years a slower pace of development will bring supply much more into line with demand.

The effect is bound to be an increase in rents and Ellis predict that asking prices could reach a record £5 per square foot for the central area of the city.

This would be comparable to what is being demanded in Edinburgh, where the rigid planning restrictions imposed by the District Council for Development in the historic central area and the high cost of refurbishment have kept rents up.

The poor economic outlook and the cutback in Government spending, which has hit demand for space from both national and local government bodies, has relieved the pressure in the capital, although there is still a market for smaller refurbished units in the prime central area. Larger premises outside the central area are more difficult to let.

Aberdeen, for long the most expensive location in Scotland for office accommodation, continues to be buoyed up by the extensive requirements of the North Sea oil industry.

Continuing activity

Several of the larger oil companies with sizeable back-up staffs for their operations have now moved out of the city centre to purpose-built blocks on the periphery. Recent movers include Shell, BP, Conoco and McDermott.

This has released some space in the centre for other users, but the pace of activity in Aberdeen is such that it is quickly taken up. Nor are there any signs that activity will slacken. Grampian Regional Council has estimated that a further 5,500 office jobs will be created in the city in the next five years and Kenneth Ryden and Partners, surveyors' agents, who have recently opened an Aberdeen office, consider this figure to be on the conservative side.

Major redevelopments are either underway or are planned in Glasgow, Aberdeen and Edinburgh.

In Glasgow a number of older blocks are being demolished and developed and a very large project is planned on the site of the old St. Enoch's station, close to Argyll Street. In addition to offices for civil servants being moved from London by the Ministry of Defence, the £40m scheme will include a shopping complex with a department store, a 250-bedroom hotel, an ice rink, 100 new homes and parking for 1,500 cars.

In Edinburgh the site of the Waverley Market, close to Princes Street, is being developed to provide a shopping precinct and civic centre. An office and conference centre complex is planned for a site in Lothian Road. Several hotels are under construction, including one for the Hilton group.

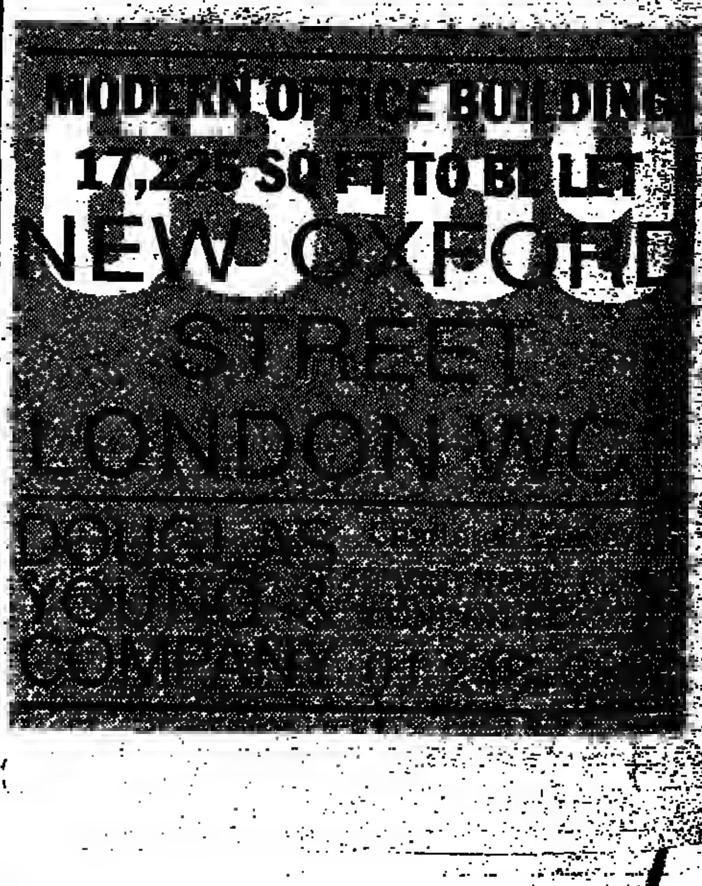
Aberdeen has not seen so much central redevelopment as the other two major Scottish cities, nor has there been much refurbishment of older properties. One substantial scheme has been proposed, however, for a 12-acre site around George Street and will be the subject of a public inquiry later this month.

On the industrial scene, although demand for large units is slack almost to the point of non-existence, smaller factories (below 10,000 sq ft) are still wanted if they have good communications. The Scottish Development Agency (SDA) and the new towns tend to cater for most manufacturing needs, offering rent-free periods and other grants and loans and leaving the private sector to cater for warehousing and distribution.

For this reason there is an increasing trend towards breaking up larger factory units. BSC (Industry), the job-creation subsidiary of the Steel Corporation, has done this very successfully with redundant works in Glasgow and Lanarkshire. The SDA is doing the same thing with the Singer factory at Clydebank, which it recently bought, and in the private sector Richard Ellis and James Barr and Son have let most of the units at the 200,000 sq ft plant they split up in Livingston Street, Clydebank.

Retail demand has continued strong, especially for good locations in smaller towns, but it can only be a matter of time before the erosion of real incomes by inflation acts to take some of the cream from the top of the market.

Ray Perman



Market surprisingly buoyant

Northern Ireland

THE COMMERCIAL property market in Northern Ireland remains surprisingly buoyant despite almost daily industrial closures, a remorseless rise in unemployment — now about 75,000—and pervasive economic gloom.

One recent trend has been the number of companies, mainly in retail and service trades, who are seeking to sell their freehold properties with lease-back arrangements to ease shortages of capital and to lessen their borrowing requirements. The move of such companies away from freeholds to leases is keeping up demand for rented properties while those that are for sale are not always quick to find buyers.

Another trend which gives cause for satisfaction is the return of institutional investors after cold-shouldering Northern Ireland for much of the past decade. It is yet to become a flood, but several commercial estate agents in Belfast report a greater readiness among insurance companies and pension fund trustees to consider properties in the province or to commission new developments.

Example

One recent such sale—not to a complete outsider in that the parent tobacco company has large factories in Belfast and Ballymena and elsewhere—was the sale for £700,000 of Belfast's 11-storey Fanum House office block to Gallahers' Pension Fund with an annual return of about 10 per cent. The agent who handled that sale is currently negotiating with two other institutional investors over Belfast property.

Construction of new office buildings has fallen considerably since its peak three or four years ago but nonetheless two substantial developments are under way within 300 yards of the City Hall, with a third development approved and work about to begin.

Surprisingly, for all the reports of family budgets under pressure and of Northern Ireland's widespread poverty, the demand for good retail properties remains high. "It is no trouble at all to shift a good shop in Belfast or in any of the better towns here such as Bangor, Antrim or Coleraine," one estate agent remarked. "It is all part of our long under-provision of good-class shops. Some of the major UK retailers say they are doing better business here than in the British regions. They are looking for larger and better shops here, together with numerous local firms."

The former staid Bank Buildings department store on one of central Belfast's finest sites is about to be re-opened by Dublin's teenage-orientated Primark clothing group, which has completely gutted the place. Meanwhile, Primark's spacious former store is to re-open as one of Montagu Burton's revamped "Top Shops," while the tailoring group's traditional and smaller Belfast outlet is being retained 150 yards away. The Mothercare group is another national multiple planning to open in Belfast and now seeking large city centre premises.

New town centre shopping developments, usually a mixture of private enterprise, Stormont and the local authority, are under way in Antrim, Ballymena and Portadown, while in Derry the site is now cleared for work to begin on the ambitious £16m Richmond shopping development. This complex is severely needed in a city which was never too well endowed with shops and whose shortage has been worsened by the terrorists' depredations over the past 10 years.

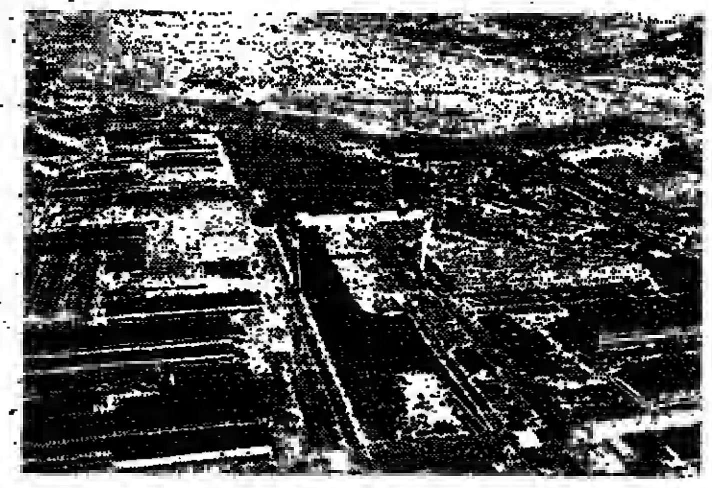
Construction of large drive-in hypermarkets in Northern Ireland has passed its peak — demand for which, in a population of only 1.6m must in any case be finite. Nonetheless, the potential for such a venture in the Lisburn area, 10 miles from Belfast, has been identified and a search for suitable site has been launched by agents working for a major development group.

Meanwhile, there is some tendency for modern property intended originally for industrial or warehousing use to be switched to retailing. This is exemplified by the success of the MFI discount furniture group on what was a small industrial estate at Lisburn close to the M1 motorway. Now several other mainly do-it-yourself-orientated retailers are known to be seeking modern spacious accommodation in such secondary locations with easy access and plenty of parking space.

Factory-building in Northern Ireland is almost entirely in the hands of Stormont's Department of Commerce and its subordinate agencies, sometimes acting speculatively and otherwise in association with specific client companies. Despite the recent rash of factory closures the DoC is pushing ahead with an expanded advance factory-building programme this year to restore its recently depleted stock of ready-to-occupy off-the-shelf fatcories of various sizes to tempt incoming industrial investors as and when the present economic blizzard abates.

Meanwhile, the Department's stock has been gratuitously and unhappily increased by the unexpected decision at the end of June by Grundig, its first-ever German tenant which arrived in 1960, to close its 1,000-employee factory at Derriaghy in south Belfast in October. Owned by the DoC, the Grundig factory is now on offer to any suitable tenant company which, if it can promise a similar number of jobs, can probably get it for a song.

Robert Rodwell


Shipyards in Belfast

New developments in the industrial sector

Wales

INTERESTING DEVELOPMENTS are afoot in the Welsh industrial property market. A few centres apart, Wales is not a region which has traditionally attracted the attention of private investors and developers. By and large, the task of meeting the demand for industrial accommodation has been left to the public sector which, in recent years, has meant, above all, the Welsh Development Agency, Wales' equivalent of the National Enterprise Board.

Where the agency has not been active, its country cousin, the Development Board for Rural Wales, and the local authorities have tended to meet local requirements.

[G]ut from now on, it is clear that the private sector is going to play an increasingly important role in the Welsh industrial property market, as the WDA moves to involve pension and other funds in its estate and factory building activities.

As things stand, the WDA is not only by far the largest industrial landlord in Wales, but also the major builder of estates and factory accommodation. Its total stock of factory space presently amounts to well over 16m square feet and it has up to 3m square feet in addition—either under construction or at various stages on the drawing board.

From the moment it came to power a year ago, the new Conservative administration made clear it was anxious to involve the private sector in the WDA's property activities — not least as a means of reducing the level of public funding.

The agency itself was not unhappy at this policy. Mr. Ian Gray, the WDA's managing director, stresses that the agency has constantly strived to bring the management of its property portfolio into line with private-sector practice.

Talks were first initiated between the agency and selected financial institutions last autumn. But then there was a pause as both sides stopped to assess the impact of the dramatic cutbacks announced in the Welsh steel industry, both on the agency's activities and on the industrial property market.

By the time discussions resumed in the late spring, the WDA had established a formal link with Healey and Baker, the international property agents and valuers, its role being to provide both closer contact with the private sector and carry out part of the executive services needed for a link-up with private funds.

Two schemes

Negotiations are now reported to be nearing completion on two schemes each involving private funds taking over the financing of part of the agency's forward programme of industrial building. At the time of writing, the precise form of participation has not been settled in detail. In some cases the fund management will actively participate in the site selection and specification and the building programme and make their own management arrangements. In others, the WDA will build and sell to the fund and then manage the day-to-day running of the investment.

Clearly, the private sector is going to plump for the more attractive sections of the agency's building programme, which, in practice, means selected sites and premises adjacent to the M4 motorway in south Wales, and certain parts of north-east Wales. But the agency is content, since private participation—and the two schemes under negotiation could eventually provide as much as £10m in capital — releases its publicly funded budget for uses in other parts of Wales.

The general economic climate apart, the main uncertainty from the private sector's point of view is perhaps the sheer quantity of new industrial space in Wales which is due to be developed in the near future.

The Government has set aside no less than £63m for expenditure over the next two years on industrial estates and advance factories—as a major plank in the effort to attract new jobs to replace the thousands lost in the Welsh steel industry.

On the other hand, many attractive sites will also enjoy substantial regional development incentives because of the steel difficulties which should greatly aid the task of attracting tenants. Bridgend, for example, a prime location where the industrial property market has become very tight, has been designated as part of the Port Talbot special development area, offering maximum grants.

Investors will also have the backing of the WDA's substantial promotional effort which has proved extraordinarily successful in filling its new factory space almost as fast as it can be built.

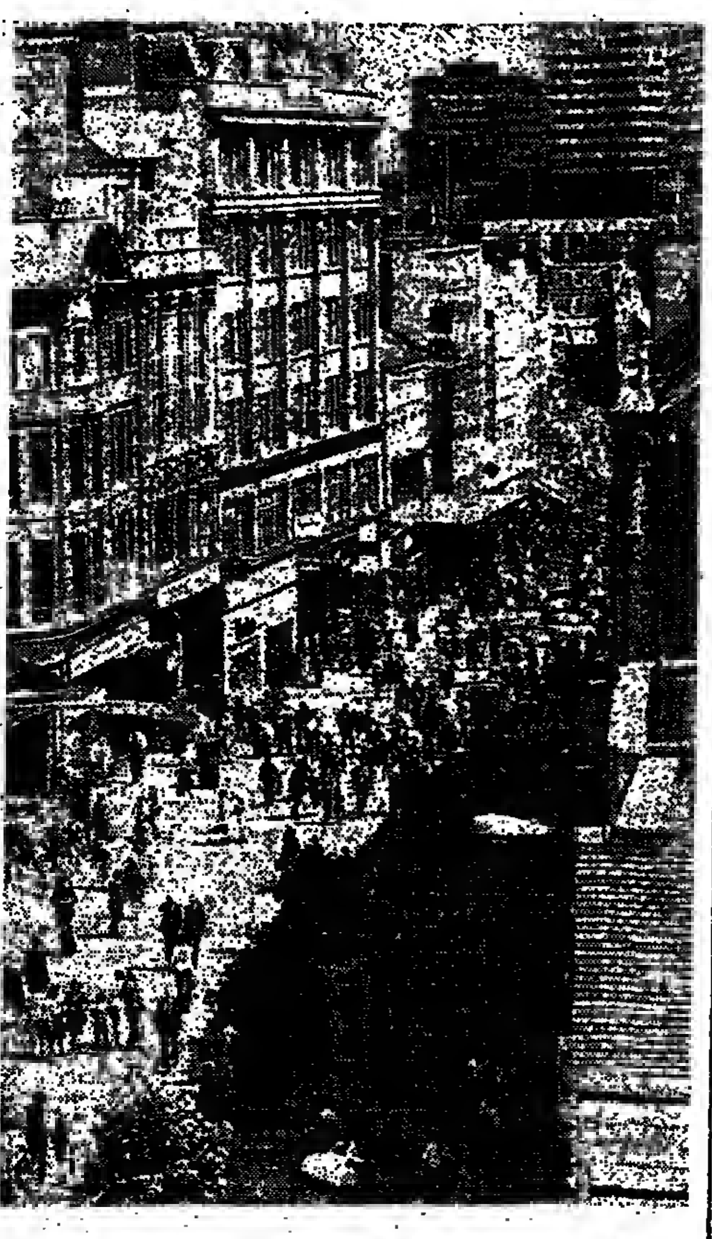
Despite the current economic climate, the agency says that inquiries for new space are continuing to flow in. Furthermore, the Government is prepared to be more flexible about types of occupancy, which it foresees will help letting. Hitherto, advance factories have been generally limited to manufacturing enterprises.

How far private sector participation will go, remains to be seen. But the WDA has been clearing the way for as much involvement as possible by converting the range of restrictive leases which it inherited to standard 25-year leases, with five year review clauses. This process has already brought about a sharp improvement in its average rental from 28p a sq ft in 1975 to nearly 40p a sq ft.

But more important from the fund manager's point of view, it has insisted, as far as possible on rentals for new lettings, following reflecting market trends, in order to provide the kind of growth the private sector is looking for.

Today's industrialist moving into Wales is likely as not to be offered a two-year rent-free period. But beyond that, he can expect to pay £1 a sq ft, double the level of four years ago. In the most attractive locations, it could be as much as £1.50 a sq ft.

Robin Reeves


The Government is anxious to involve the private sector in the Welsh Development Agency's property activities. Above: commercial area in Cardiff

Quiet industrial market depresses speculation

THERE ARE currently some 12.9m sq. feet of industrial buildings under construction compared with 13.3m sq. feet at the beginning of the year—the fall in the amount of factories and warehouses now being built indicates that developers were beginniog to sense a fall-off in demand towards the middle of 1979, when the planning process (for most of the space now under construction) would have heen finalised.

Whether developers lowered their sights soon enough will be seeo later this year wheo the level of tenant demand becomes appareot. Despite the growing economic gloom surroundiog the couotry at the moment, there is little evidence of any marked fall off in demand from industry for oew space.

However, in some parts of the country there is now more space available than at the beginning of the year and there appears to be a two-tier market developiog once more, with the more prosperous areas of the country faring hetter than the other parts.

Io its last survey, agents King and Coompany, the industrial agents, estimated that there were some 35.8m sq. feet of factories either vacant and to let or for sale, and around 22.4m sq. feet of warehouses.

The most significant change noted by King and Company in the December, 1979, survey was the fall in the number of vacant premises exceeding 100.000 sq. feet which fell from 60 in December to 44 in May, indicating that the larger industrial compaoies were still leasing and buying factories and warehouses in the early mooths of this year.

In December, 1976, when the property market began its climb out of the collapse of 1974, there was a total of some 85m sq. feet of factories and warehouses on the lettiog market of which factories accounted for some 50m sq. feet. There was a marked decline until last August, when the amouot of vacant space began to creep up again.

This trend reflects the rapid growth in rents which prompted property developers to build more space in the hope of cashing in on the apparent bonanza. Several companies found that while office development was still not viable it was possible to build factories and warehouses.

To a large extent, this was only possible because lending institutions were willing to forward fund industrial development in a way which they had not previously dooe. In the past, institutions have heen wary of iodustrial development, arguing that the life span of factories and warehouses bad heeo short in comparison with shops and offices.

Investment

Even today, few institutions have more than 5 per cent of their total property portfolios invested in industrial property. The fact that you obtain so much more for your money in factories and warehouses precludes them from having the same proportion of industrial property as commercial buildings.

But there are now signs that it is becoming mure difficult to forward fuod developments and this will lead to a dramatic fall in the amount of new Industrial hullding starts in the second balf of 1980.

The forward funding market is the most useful harometer to judge the future activity of the iodustrial market aod reports from ageots suggest that in some parts of the country—notably the North East and South Wales regions—it is virtually impossible to raise construction finance for speculative industrial development, without substantial pre-letting.

The change in the Capital Allowaoce Act io the Budget has increased the number of new small unit workshop schemes heing undertaken and developers of these schemes have found it much easier to raise the coostruction finance. Despite the economic gloom, demand for theae type of units in London and the South East has remained strong.

But developers and the lending institutions are worried, nonetheless, that the current high interest rates will deter small companies from expandiog and stop new concerns starting up. The small unit market is new and no established rents have yet emerged although it seems that these small workshops will achieve over £4 a sq ft, which may prove to be too high for many small, new enterprises.

In the most popular locations of London—to the north-west aod west, around London Airport—warehouse rents in key sites bave reached above £4 a sq ft, higher on some estates, while the average for major schemes in well-located London areas is around £3.50 a sq ft.

Elsewhere in the South-East, rents are pitched hetween £2 and £2.75 a sq ft, with Portsmouth, where demand is strong, seeing levels of £2.50 a sq ft. Hampshire agents L. S. Vail, state that nursery units io Portsmouth have commanded rents of £3.25 a sq ft.

To some extent building costs are reflected in the higher level of rents in the South-East from other parts of the country. For example, industrial buildings io London aod the Home Counties with a 10 per cent office content, are generally of the order of £17 a sq ft, while in Leeds £14 a sq ft is usual.

London and Home County rents vary from £2.50 a sq ft to £4, while in Leeds industrial rents have hardly broken the £2 a sq ft barrier. Although it must be remembered that Leeds is losing its intermediate grant status and a number of incentives for manufacturing industries are being lost.

But the same level of building costs is usual outside the South-East region and rents are, in general, far lower. There are exceptions—in Aberdeen, for example, very high rents have been achieved on estates letting to oil, and oil-related industries.

The West Midlands is the one region of the country where building costs for industrial space seems to be much lower than elsewhere and this must be attributed to the fact that while other areas of the country rely on London-based development companies to build industrial space, the West Midlands has a number of locally-based industrial developers.

There are at least 15 Midlands-based companies carrying out significant schemes in the region and the fierce competition between them ensures that building costs are trimmed to a minimum, but the same does not follow for rents which are generally pitched between £1.50 and £2 a sq ft for modern single storey factories and warehouses.

Industrial rents in the North-West, on the other hand, reflect the lack of demand, for example in Speke, Merseyside, it is still possible to lease space at 30p a sq ft on one huge complex adjacent to the airport.

Manchester has seen industrial rents rise over the 12 months to the end of June, 1980, from around £1.20 a sq ft to £2 an increase of some 65 per cent, but there are now signs that rents have levelled off. Some property experts believe that they may even fall towards the end of this year unless demand picks up.

Over the country, generally, there is unlikely to be any marked over-supply of industrial space this year, although lack of demand next year will mean that the bulk of the space currently under construction will remain unlet but there is little chance of seeing the balance of supply and demand getting as widely out of line as it did in 1976.

Decline

Because of the shorter construction period for industrial buildings, it is much easier for developers to turn the supply off and most property experts expect that the amount of buildings under construction will fall to around 10.5m sq ft by the end of the third quarter.

It is likely that in the short term there will be an oversupply in some parts of the country and that rents will level off or even fall back marginally. But because there will be no dramatic over supply, it is doubtful whether tenants will obtain much benefit.

To sum up the situation in the United Kingdom industrial market, it appears that the existing development market is somewhat quieter than this time last year, and the total of industrial space under construction has fallen slightly.

Rents are levelling off in the areas worst-hit by the economic depression, but are still rising in other parts and particularly on prime located estates in the West and North-West of London.

Institutions are becoming increasingly reluctant to lend for industrial development until the developer can show significant pre-letting of the space to be built which is making it more difficult for developers to start fresh speculative schemes.

Rory Ferguson

NATIONAL INDUSTRIAL RENT TABLE

Area	Prime rent £ per sq. ft.	Secondary rent £ per sq. ft.	Area	Prime rent £ per sq. ft.	Secondary rent £ per sq. ft.
Aberdeen	1.75-2.25	0.50-1.00	Gloucester	1.40-1.50	
Birmingham	1.65	1.20	Leeds	1.15-1.65	0.75-1.00
Bournemouth	1.50-1.65	0.90-1.20	Liverpool	1.35	up to 1.00
Bristol	1.60-1.70	1.20	London GLC	2.50-3.75	2.50
Cambridge	1.20-1.30	—	Home Counties	2.50-3.00	2.00
Cardiff	1.20	0.90	Manchester	1.45-1.70	0.75-1.10
Cheltenham	1.50	1.00-1.25	Newcastle	1.10-1.75	0.50-1.00
Coventry	1.50-1.60	1.20	N.W. Lancashire	1.35 aver.	up to 1.00
E. Midlands	1.50	1.20	Sheffield	1.45-1.65	About 1.00
E. Surrey	2.25	1.75-2.00	Tunbridge Wells	up to 1.80	1.25-1.40
Edinburgh	1.50-1.80	0.50-1.00	Worcester	1.25	1.00
Glasgow	1.40-1.60	0.90-1.10	York	1.25-1.35	0.75-1.10

Source: Bernard Thorpe and Partners. (Feb. 1980.)

Over the past 12 months, industrial rents, particularly for warehousing and light, high-technology engineering space, have moved ahead sharply, with the greatest advances in the South-East

New legislation to benefit developers

SINCE COMING to power almost 14 months ago, the Government has been busily re-writing large sections of legislation affecting commercial property development and investment in Britain. However, it remains questionable the extent to which developers will be able to take advantage of a less restrictive legal, financial and administrative framework in an increasingly harsh economic climate.

The changes, many of which are embodied in the Local Government, Land and Planning Bill, now at the report stage (from Thursday, July 3), include measures designed to ease planning delays, improve the availability of land for development and reduce central and local government intervention in the sector.

Among the more important changes are the scrapping of the Community Land Act and the reduction in Development Land Tax to 60 per cent. The Community Land Act—forming one half of the Labour Government's community land scheme—was introduced in 1975, followed a year later by new legislation on Development Land Tax. The Act was designed to enable local authorities to take a more active role in planning and development, providing them with wide powers to acquire building land.

In fact, the introduction of the Act coincided with a squeeze on local authority spending and therefore was never very widely used. However, it was seen as a serious potential threat to the future of the private construction industry. Under the Act it was envisaged that eventually local authorities would acquire all development land at only current use value. Private development would eventually have been permitted only on land that had passed through local authority hands.

The scrapping of the Act therefore removes a longer-term threat to the industry and means that local authorities will be able to sell freeholds and to offer longer leases—measures which are strongly sought by the major investment institutions.

The reduction in Development Land Tax came in the June, 1979, Budget. Before then, the tax (seen as a way of clawing back some of the financial gains made by land-owners when planning permission is granted), stood at an interim concessionary rate of 66⅔ per cent against an official rate of 80 per cent with plans to increase it eventually to 100 per cent. The Conservative's first budget reduced the tax to 60 per cent—perhaps not as big a reduction as the industry would have hoped for, but nevertheless welcome—and increased the allowance for the amount of development value raised in a year free of tax from £10,000 to £50,000.

Greater flexibility

Further changes in the assessment of DLT liabilities allowing more flexibility were foreshadowed in the March Budget and are now embodied in clauses in the Finance Bill at present before Parliament.

However, some people—including Mr. John Heddle, Conservative MP for Lichfield and Tamworth—believe the Government has not gone far enough.

Mr. Heddle says that the repeal of a large part of the Development Land Tax Act would give the construction industry a "badly needed shot in the arm."

Accordingly, he introduced a Development Land Tax (Amendment) Bill. Although he has accepted that it has little chance of reaching the statute book, he sees the Bill as part of a campaign for further changes in the next Budget.

Opponents of the tax and of the CLA have claimed that the legislation has effectively prevented potential building land from coming onto the market. They argue that owners were either not prepared to pay over a large part of a development gain to the tax man or that they were afraid of local authorities using their compulsory purchase powers under the CLA.

There is little evidence to suggest that the Act prompted land hoarding by local authorities and the legislation therefore appears to have been a potential rather than real threat to land availability.

However, as a further step towards releasing land for development, the Government last month unveiled its plans for setting up registers of unused land and forcing its sale, where necessary, to the private sector.

Under the proposals, registers are to be set up in 21 areas of England early next year listing all public sector land which is unused. Provisions in the Local Government, Planning and Land Act will enable Mr. Michael Heseltine, Environment Secretary, to order the sale of surplus land. The areas covered by the registers are predominantly in the North and are areas suffering from inner city decay. They include the conurbations of Merseyside—where it has been suggested that about 1,000 acres of waste land—in Manchester, Newcastle, Leeds, Bradford, Coventry, Birmingham, Dudley and Stoke. In the South, Bristol and the London boroughs of Ealing and Wandsworth are included.

Significantly, many of these areas were covered by the Labour Government's inner city legislation. The present Government has undertaken a major review of this legislation aimed at streamlining the existing partnership machinery and more directly involving the private sector in plans for urban renewal.

The most controversial consequences of this policy review—and potentially the most significant for the property developers—are plans for the two new Urban Development Corporations in London and Merseyside's dockland areas and plans for up to eight experimental enterprise zones.

One of the main objectives of these initiatives will be to reduce planning delays in the inner cities and to "change the

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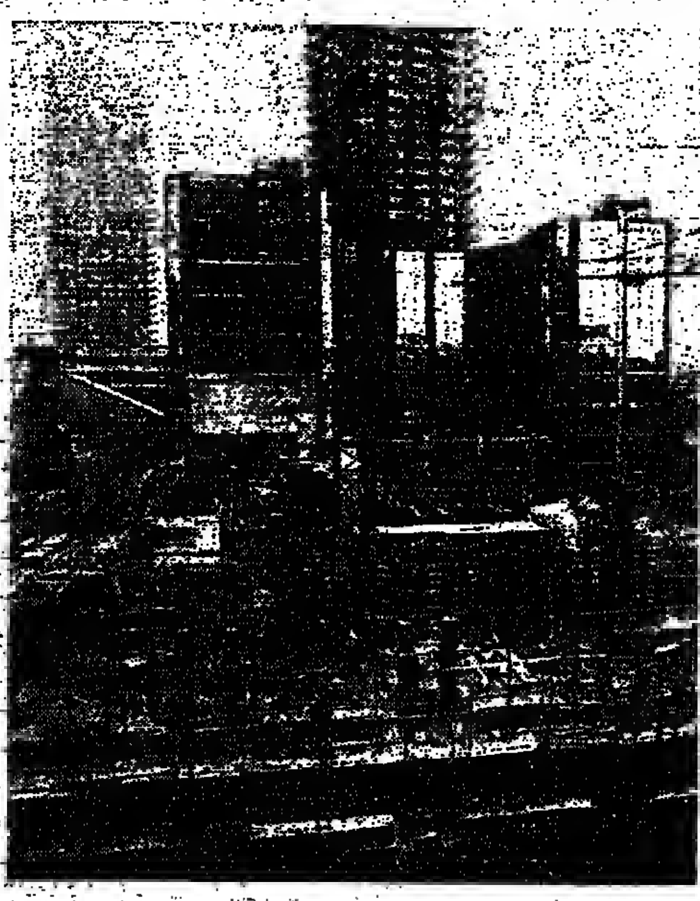
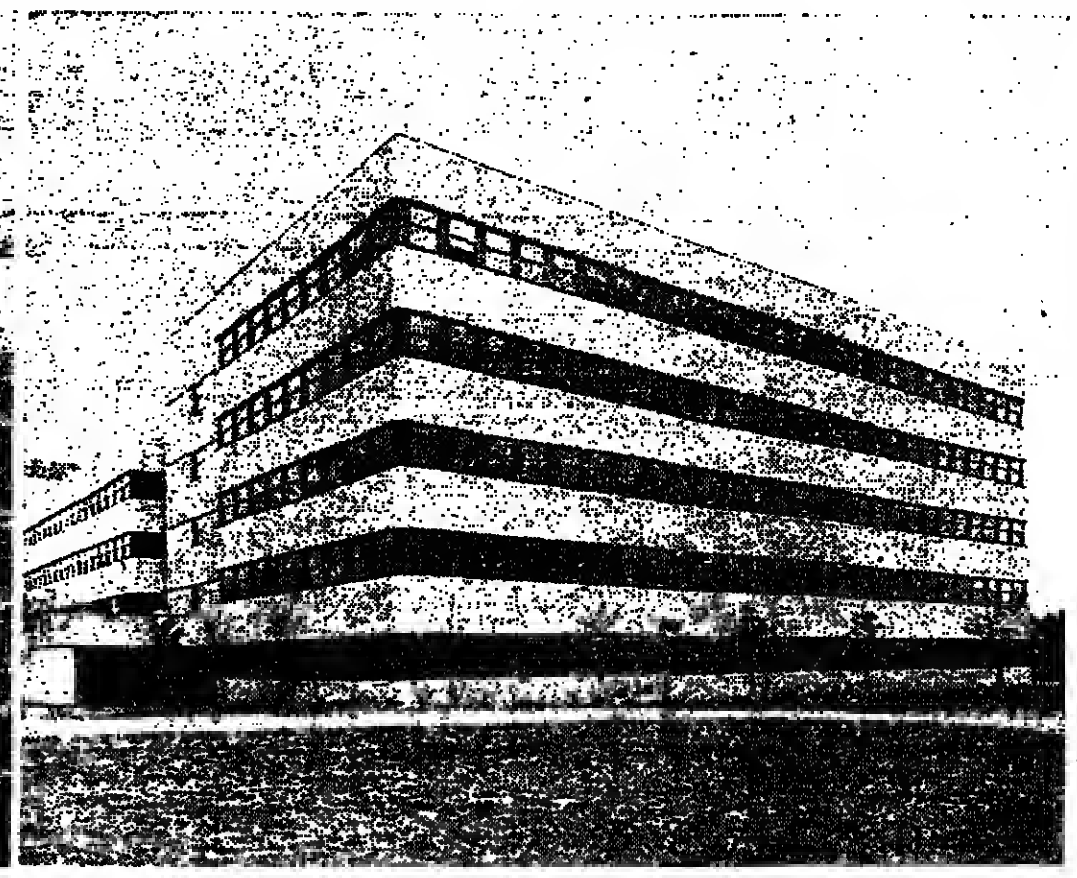

A twin office complex development (left) in Chiswell Street, central London; and, (right), Delf House, the Co-operative Bank's new £7m Customer Service Bureau at Skelmersdale, Lancashire

Institutions remain dominant force in development field

DESPITE SUGGESTIONS that another "property boom" is on the way, a term which more often than not conjures up images of rapidly changing skylines and impending calamity, the level of development activity in the UK over the last 12 months has been far from excessive.

But neither has the industry been dormant; with output across a broad front combining to represent the most active development scene since the last slump. While the level of activity itself has in some respects been reminiscent of the "good-old, bad-old days," the guidelines under which it has been carried out have nevertheless been subjected to some fundamental changes.

Speculative development has been much less conspicuous, with the majority of schemes—most notably in the office sector—built with specific occupiers in mind. In addition, the institutions have become the predominant force in the development field, providing the bulk of the finance, often developing direct and bringing to the industry a caution which has effectively denied previous excesses and which should strengthen its ability to withstand the impact of whatever lies ahead.

There is another viewpoint, however. While few would deny that the emergence of the institutions as funders-developers and ultimate purchasers was a natural and necessary repercussion of the last crash, their notorious caution is regarded by some as nothing less than debilitating conservatism in a field where entrepreneurial flair should thrive.

The institutions have shown themselves unwilling to stray from the "prime" property path, sticking firmly to highly desirable investments which are well located and physically adaptable. Their determination to maintain such standards has shown no sign of weakening under the groaning weight of finance at their disposal or their increasing readiness to become involved in one of the best long-term investment options open to them.

While this very trend, combined with the refusal to entertain truly speculative schemes of any scale, may now be seen as a major factor in ensuring that the property market as a whole comes through the present recession in fairly good shape, the institutions' influence is not universally welcome.

Some of the traditional development companies believe that the institutions have merely taken a direct foothold to fill a gap left while they themselves complete their convalescence and that their respective positions will eventually be restored. Others feel that the growing encroachment of the insurance groups and pension funds is unlikely to be halted.

The recent report from the Property Advisory Group pointed out that many of the funds became directly involved in property development by necessity, left to complete schemes they were finding when the developers succumbed during the last crash.

Style and quality

The experience they gained encouraged them to continue in development in order to reap the developers' profit and to control the style and quality of any given scheme. Another major reason for direct institutional investment is their need to create good property investments for their respective funds at a time when competition to acquire prime property is fierce and yields are at an historically low level.

Small wonder that the institutions look set to stay. A recent survey of pension funds showed that while, five years ago, only 17 per cent were prepared to undertake direct development, the figure had risen to around 30 per cent by early 1979. This trend has without doubt been followed among financial institutions.

It is a trend which worries some within the industry. Earlier this year, Mr. Julian Markham, chairman of Glengate Properties, was driven to claiming that the institutions and their advisors were exercising "unwelcome and heavy influence" on the development industry and had become blinkered in their property investment policies.

Mr. Markham harked back to the "imagination and flair" which created the last boom, pointed out that it was still around to be tapped and suggested that the developer should now be handed back the role of creative catalyst in a relationship where the institution provided funds and not all the ideas.

Mr. Sydney Mason, whose Hammerson Property and Investment Trust still refuses to contemplate any further UK development, believes that, in the long term, institutions will prefer to associate with developers who can properly evaluate the costs inherent in planning delays and other time-consuming problems and to act as partners with them, rather than enter directly into large and complicated projects which, he claims, could involve them in unnecessary risks.

He recently told his shareholders: "The traditional role of the property company will revive, not merely when the legislation concerning Development Land Tax is passed and when the high cost of finance is reduced, but when it has been accepted by all concerned that the best results will be achieved by separating the roles of the long-term investors and the recognised developer.

"The institution should clearly define its maximum threshold of risk and the developer should evaluate the project and determine not only that the institution's requirements can be met but that these requirements can be improved upon to their mutual benefit."

People such as Mr. Mason feel that while the institutions are now making the pace in terms of development, they need the active assistance of the traditional developer in order to identify and then maximise their opportunities. There is a clear implication that, whilst the funds may not be taking any chances when it comes to purchasing standing investments, their judgment may be less than perfect when it comes to new developments and that any mistakes can be more easily glossed over than is the case with a property company.

Rising costs

As for the companies themselves, they have, in the last 12 months, continued to emerge after their long and difficult period of enforced retrenchment. For the most part, their activity has been well-paced and their scope for action has in any case been effectively contained by rapidly rising development costs which continually challenge the viability of any scheme.

Indeed, much of the development work now underway has only been made possible because companies have been sitting on sites which have been in their ownership for several years, waiting for the right circumstances to arise.

But now the picture is threatened by the impending recession. High finance costs have for some time injected a major element of restraint into developers' ambitions but now the very real prospect of a significant decline in demand for space has arisen.

The outlook is uncertain and opinions on the true extent and impact of the economic crisis vary widely. There would seem, however, a fair case for suggesting that demand for accommodation of all types could be significantly reduced over the next year to 18 months and there are already some signs that such a trend is underway in some areas and some market sectors.

How much of an effect this will have on development activity is difficult to determine. Many schemes now in the pipeline should be nearing completion just at the time when demand begins to pick up again and, in any case, little of the space is being provided on a speculative basis. Even pre-lettings can fall through, however, if the going becomes really tough for the prospective occupier.

Neither is there a large oversupply of space (though there are some suspicions that parts of the industrial sector could be hit this way) to exacerbate any weakening in rental levels and totally undermine an already questionable development cost-rental equation.

The prospects for starts on new schemes must be poor, as rentals—at best—stabilise and costs continue to rocket. What has been a highly selective process will become even more so.

As the Property Advisory Group commented: "There may well be relatively little demand for fresh office development and the industry's efforts will be concentrated on the refurbishment of existing stock with a view to maintaining its value as an investment."

The PAG was, however, talking not only about the recession itself but the years immediately afterwards and there is a substantial spread of opinion within the industry over what actually lies beyond the slump. A permanently lower level—and different type—of demand in some sectors or yet another upturn in a seemingly never-ending cyclical process? The answer should be clear a few years hence.

Michael Cassell

Legislation

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climate" for the developer.

Outside the special provisions for the inner city areas, the Government has also sought to ease the burden of local authority planning regulations and controls over the industry.

In particular, the Bill seeks to streamline planning procedures by removing duplication between different tiers of the local government structure.

Other measures contained in the Bill, which is now not likely to reach the statute book before the autumn, are less welcome to the industry. These include charges for planning applications and changes in the system of building controls. Detailed proposals on both issues were published last month.

The proposals to introduce planning charges are, however, unlikely to prove more than a minor irritant to the industry since charges for office and industrial buildings would be based on £40 for each 75 sq metres (807 sq ft) of development. On this basis, a planning application for a 100,000 sq ft office scheme would cost just under £5,000. From April 1, local authorities have also been able to charge fees to help offset the cost of monitoring and enforcing building regulations. This decision is the subject of a legal action brought by the National Federation of Building Trades Employers.

In the meantime, the Government is pressing ahead with proposals to transfer responsibility for enforcing and monitoring building regulations from local authorities to the building industry.

Under the proposals, contained in a consultation paper, the present detailed planning regulations will be replaced by simplified guidelines. In addition, developers and owners of private and commercial buildings will be able "to opt for building controls to be exercised by nationally-approved professional 'certifiers' as an alternative to local authority control." The plans have so far received a mixed response from within the industry.

Other measures already introduced by the Government which will benefit the property investor and developer include the abolition of exchange controls. The real impact of this change on the industry is difficult to estimate since it is generally accepted that the industry had managed anyway to find various ways round the controls.

Similarly, although the final abolition of Office Development Permits—and a further reduction in the need for Industrial Development Certificates—was warmly welcomed by the industry, few major schemes in recent years had been prevented by the need for either an IDC or ODP.

Such changes therefore represent little more than a cleaning-up operation as far as the industry is concerned and the Government has probably only delivered what was expected of it. While the Government has undoubtedly improved the political climate for the commercial property investor and developer the industry, like others, is primarily concerned with the economic climate.

The high level of interest rates and the general state of the economy are likely to prove the more important factors in determining whether the industry will be able to take advantage of new opportunities. Legislative changes, while welcome, will not in themselves ensure the health of the sector over the next 12 months.

Paul Taylor

Investors' confidence remains unshaken

INSTITUTIONAL INVESTORS are no strangers tu the direct property market. The life assurance companies have been active here for around 30 years and, with the growth of occupational pension schemes in the 1960s aod 1970s, the pension funds were quick to follow.

The Property Advisory Group, in its report "The Structure and Activity of Development Industry," noted that institutions were holding 19 per cent of their total investments in the form of land, property, ground rents and property unit trusts by 1978.

It is becoming increasingly clear that the funds' confidence in the market has not been shaken unduly hy economic events of the past year or so, since yields in the three major categories of prime property have mostly remained constant.

No surprise

That should come as no surprise. Institutions are long-term investors and hase their decisions in the certain knowledge that industry and commerce must undergo several business cycles during the lift span of a major property, to say nothing of significant economic and political changes.

Their presence has largely curtailed the volume of trading in the prime proporeyt market which has thus become very much more stable, in terms of capital values, than it was in the 1972-75 boom and bust. Rental growth prospects have hecome the investment arbiters.

That clearly underlines the desirability of prime property—which is broadly defined as modern, well-located, flexible, well-covenanted and, where applicable, air-conditioned. Leading estate agents agree that prime yields have been stable over the last 12 months, such is the amount of institutional interest in these sites.

The investment department of agents, Richard Ellis, estimates that "the prime yield structure for the best completed and let office, shop and industrial investments is 4¼ per cent, 3.85 per cent and 6½ per cent, respectively." While somewhat less exact, agents Bernard Thorpe and Partners concur.

Rental growth in prime locatioos has so far been easily sufficient to compensate for the yield gap implicit in first class property. Long gilt yields of over 13 per cent, although changing very fast, have been almost overwhelmingly tempting but the manager who committed his fund to a first class industrial site in the South East a year ago can, on Ellis' calculations, congratulate himself on 20 per cent rental growth.

The firm also notes that "demand for retail units hoth n the investment side and from retailers was consistently strong during 1979 and large increases in rental values were registered in the majority of regional and sub-regional centres."

Similarly, "the gradual rental increases noted in the office sector sume 12 months ago, have, over the past six months, begun to accelerate as occupational demand increased significantly in many areas and the supply of available accommodation had still to show any material advance."

The halmy days of rapid rental growth, as the Property Advisory Group sees it, have come to an end. The empirical evidence certainly supports this view although the impact of recession has been more marked in some areas than others. Most Oxford Street retailers would agree that the consumer spending hoom stopped abruptly last June and available equity yields strongly suggest that several industrial companies are strapped for working capital.

But demand for prime proparty remains strong. Its long-term performance has been good and in any case institutional resistance to investments at the lowest yield levels can he expected to soften as the Government's funding activity slows down and interest rates fall.

Property yields

An optimist might look to an end to the "crowding out" in the capital markets, perhaps hy next spring, which would lead bim to reinforce bis weight of money argument for hardening prime property yields. That may he right, hut it is also possible to suggest that the bond market may be revived after a sharp cut in MLR.

Industry certainly requires new long term financing. Larger companies may negotiate the euro-sterling market, second-liners may he persuaded that loan stocks, or even dehentures, offered on a double-digit coupon would be the correct refinancing route. So it is not yet possible to say with much certainty that a substantial proportion of funds diverted from Government stocks will automatically flow into real estate.

It is difficult, therefore, to envisage much immediate change in the yield structure. The industrial development market, with a very much shorter construction lead time than offices and shops, has reacted quickly to recent rental growth and it is possible that values will slip hack a little until any excess supply is absorbed.

Competition

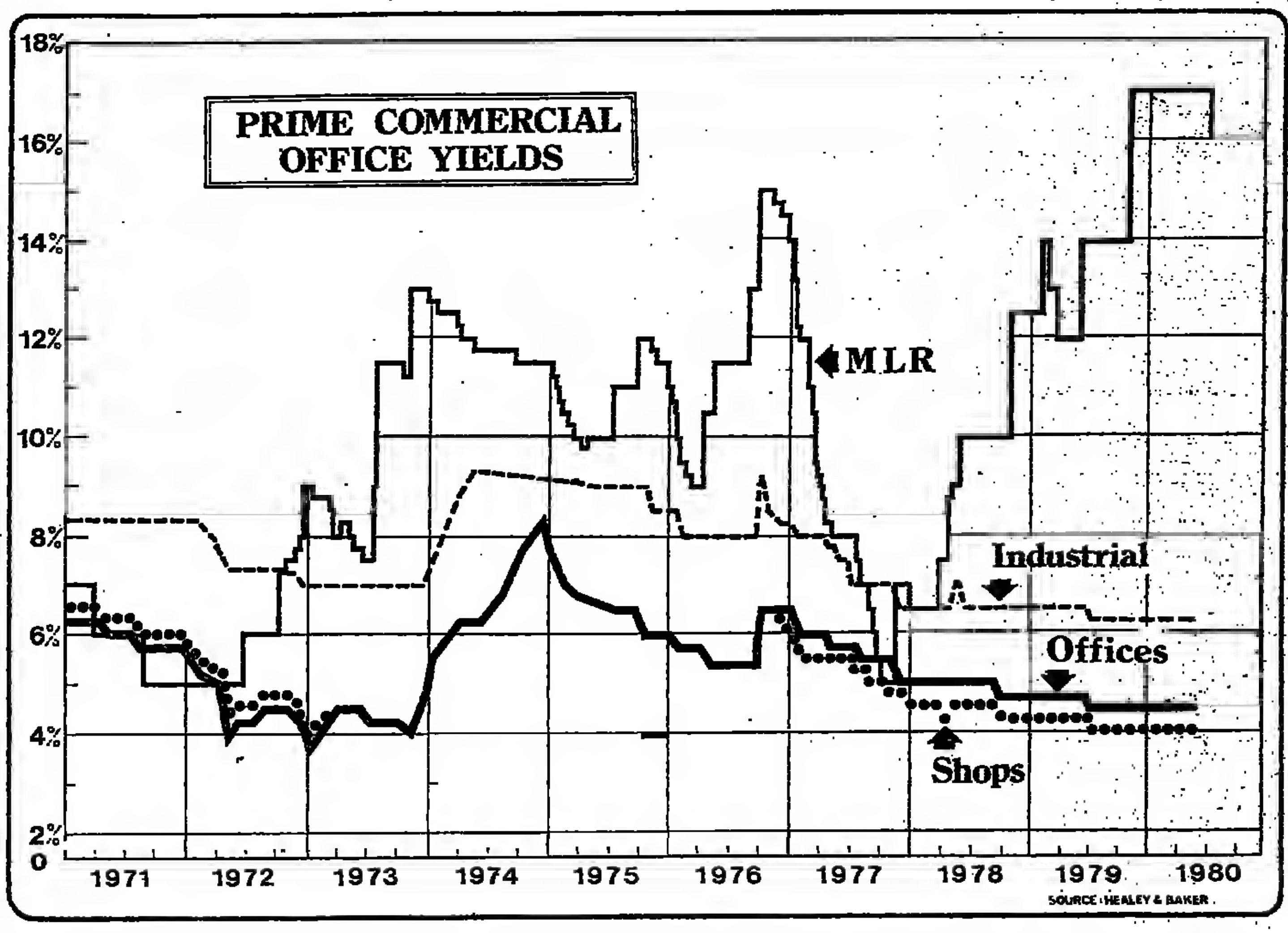
But, in the main, demand and supply are probably in approximate balance. Speculative development since the last crash has been far less marked than the early 1970s. Competition for the best sites is still fierce although investors are demanding detailed assessments of the projected rate of rental growth in any location.

At the same time, high money costs have, in a period of recession, widened the traditional gap between prime and secondary yields. The property market defines secondary property as anything other than top quality and the term encompasses differing degrees of investment possibilities.

It is sometimes possible to manage a secondary into the prime category and institutions have been encouraged to do so. Reversionary periods can be shortened, refurbishment can up-grade the quality of a building and a change of tenancy can enhance the covenant. But the essence of prime property is a good location—international hanks (increasingly active tenants) are attracted only to the City of London and its immediate environs. Department store groups wil only take space in a well-established, central shopping area, although the new D. H. Evans at Wood Greeo is an interesting exception.

Estate agents do not expect any recovery in secondary market prices until interest rates drop and it is hard to look for any fall in yields in this category until the recession eases, consumer spending picks up and the pressure on industrial liquidity relaxes. For the moment, only the very best will do.

Ray Maughan



THE FLUCTUATING fortunes of the commercial property industry during the past 15 years are fully illustrated by the performance of the Investors Chronicle/Hillier Parker rent index over this period.

The two tables (below) show how commercial rents, after allowing for the effects of inflation, rose sharply during the early part of the last decade only to fall steeply in 1974-75, when a combination of economic recession and a massive over-supply of accommodation sent property values tumbling.

Since then, conditions have improved and rents began increasing again, in real terms, from the second half of 1977, up until the early part of last year when rising inflation started to overtake the continuing recovery in rental values.

The indices show that real office rents have declined by almost 5½ per cent since May, last year. Over the same period, shop rents have fallen by 4.6 per cent and industrial rents by 2.3 per cent.

This position seems likely to worsen over the next year with commercial rents in cash terms now beginning to peak in many parts of the country and inflation presently running at an annual rate of more than 20 per cent.

ANDREW TAYLOR

INVESTORS CHRONICLE-HILLIER PARKER RENT INDEX

(adjusted for inflation)

Index	1965	1969	1972	1973	1974	1975	1976	1977 May	Nov.	1978 May	Nov.	1979 May	Nov.	1980 May
ICHP Rent Index	100	123	144	188	189	157	139	126	127	131	136	142	138	135
Shops	100	119	150	178	180	152	142	131	136	145	156	165	163	156
Offices	100	131	155	223	217	171	143	124	123	126	128	130	126	124
Industrial	100	113	116	135	152	138	131	123	124	123	126	132	130	129
Change (%) per annum on previons reading														
ICHP Rent Index	—	+ 5.3	+ 5.3	+ 30.7	+ 0.9	− 17.0	− 11.3	− 9.7	+ 2.3	+ 5.2	+ 8.2	+ 7.4	− 4.7	− 4.2
Shops	—	+ 4.4	+ 8.0	+ 19.0	+ 0.8	− 15.4	− 6.7	− 7.5	+ 7.2	+ 13.4	+ 16.7	+ 11.6	− 2.3	− 8.2
Offices	—	+ 3.2	+ 0.7	+ 16.8	+ 12.3	− 8.7	− 5.6	− 13.1	− 0.9	+ 3.4	+ 3.4	+ 2.9	− 7.1	− 3.4
Industrial	—	+ 3.2	+ 0.7	+ 16.8	+ 12.3	− 8.7	− 5.6	− 6.1	+ 2.2	− 2.0	+ 5.0	+ 9.8	− 3.5	− 1.6

Note: 1965-69 and 1969-72 are expressed per annum. Percentage change was calculated from Index figures accurate to two decimal places. The result may therefore differ from the apparent change in the rounded Index figures shown in the tables.

DECLINING MARKET AND STRONG EUROPEAN CHALLENGE • BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

Diesels keep Detroit trucking

THE WOES of the North American truck industry have been starkly illustrated by the announcement that total commercial vehicle output fell 53 per cent from the first six months of 1979, at 2.36m, to 1.1m in the first half of 1980.

The U.S. truck industry is in an even more depressed state than the car industry. But its problems are not so well documented. The consensus in the industry is that sale of medium and heavy trucks will fall at least 25 per cent this year from 378,000 to around 285,000. And there is strong competition from European manufacturers.

Most manufacturers expect the situation to begin to improve next year but a return to former levels is a long way off. According to the forecasters at Eaton Corporation, one of the major suppliers of truck transmissions and brakes, the peak of the next demand cycle has been receding for many months and now cannot be expected until 1984.

Ford Trucks believes even that forecast is optimistic and estimates that sales will not reach the 400,000-a-year mark again until 1985.

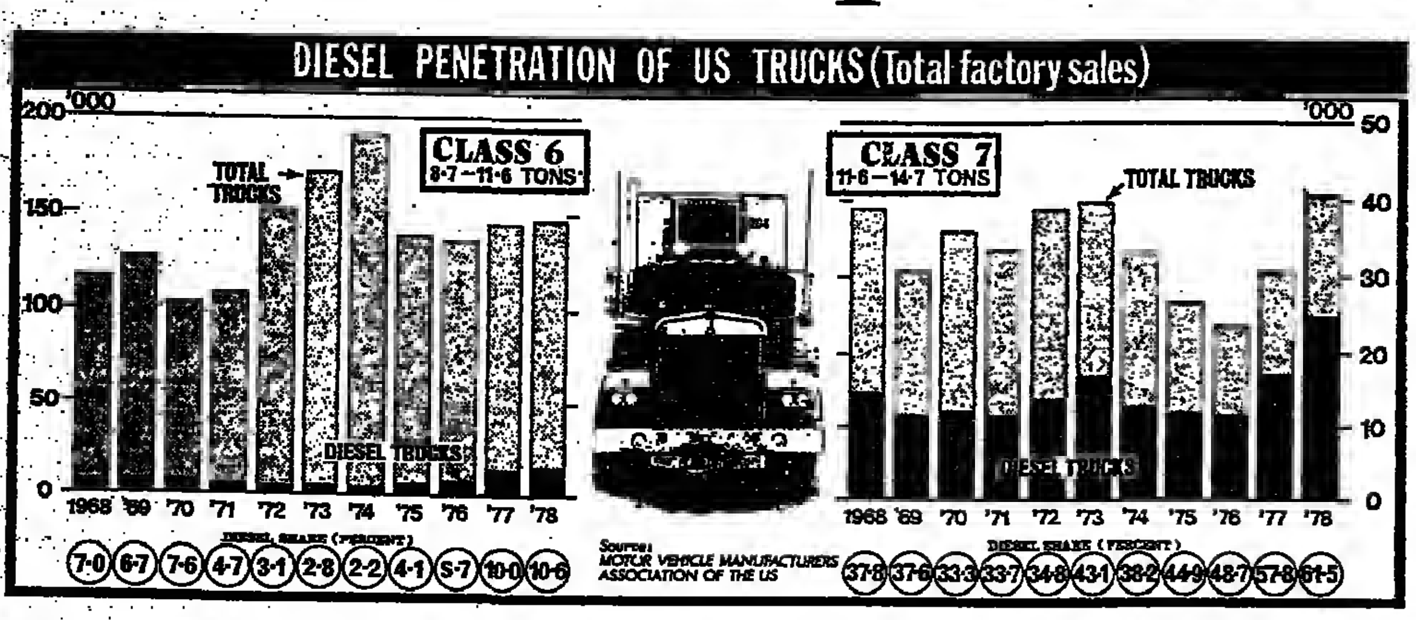
The atmosphere at the recent Dallas Truck Show was subdued and some important names, such as Freightliner and White, were missing. And, according to many exhibitors, so were the people who matter—the truck buyers.

Yet amid this gloom there is one part of the market which is bucking the trend, that for medium-sized diesel engined trucks.

Traditionally, the Americans have used huge petrol engines to power their mid-range trucks. But they are now switching to diesel as fuel prices rise inexorably and they see the sense in paying up to $4,000 extra for a diesel engine. The petrol engines might be "gas guzzlers" but they are cheap because they are produced in large quantities since they are also used in large cars.

"We are looking for the price of gas (petrol) to reach $5 a gallon by 1985 and those diesels will give you 11 to 12 miles per gallon compared with four to five miles per gallon, if you are lucky, with a gas engine," an earnest Ford salesman told a trucker. And across the hall an International Harvester representative maintained: "If you drive 3,000 miles or more a year you'll save more on fuel and maintenance with a diesel than the extra you pay for it."

These and similar messages are making an impact. So much so, that Mr. James Capolongo, a Ford vice-president and general manager of truck operations, insists that the current 10 per cent share of the medium-duty truck market held by diesels will soar to 50 to 60 per cent by 1985—provided U.S. engine manufacturers can match the demand.



At the Dallas show Ford, with a 66 per cent share of the Class 6 market (covering 19,501 lbs to 26,000 lbs gross vehicle weight) to protect, focused attention on a new, all-American diesel engine which could do great damage to European hopes of denting the U.S. truck market.

On the expectation of a big switch to diesels in the so-called Class 6 range some European manufacturers have recently begun serious efforts to tackle America for the first time.

Fiat's truck and bus subsidiary, IVECO, moved in, as did Renault's truck offshoot. MAN of West Germany tried to work out a deal with White Motor, a local truck maker, but failed to find the right combination and withdrew to think again. Volvo was more successful in negotiations with Freightliner, a major distribution group, although the trucks it is sending from Sweden are mainly heavier than the Class 6 types.

And Daimler-Benz (Mercedes), which has been steadily spreading the gospel about diesel trucks in the U.S. since 1970, recently set up an assembly plant there.

It is a modest operation—the plant cost only £2.6m., a figure no more impressive in the American truck industry than in Europe—assembling imported kits. The first Mercedes rolled off the assembly line at the new plant, in Hampton, Virginia, on June 12 while the Dallas Show was still being staged. (At the show Daimler-Benz denied a recent report in the U.S. from a usually-authoratative source that it already had plans for a second plant, saying that the report arose from "a misunderstanding.")

Compared with the other trucks on display at Dallas, the Mercedes' example looked positively old-fashioned. D-B has been supplying the U.S. from its wholly-owned Brazilian plant since 1974 because there is no way it can export profitably from Germany while the D-Mark is so highly valued compared with the dollar. The truck it sells, the 911, is more familiar in Brazil, Nigeria and other developing countries than on Western roads.

The German group sold 3,708 of its low-powered, Brazilian-built trucks in the U.S. last year and despite the deepening recession, is on target to go up to 6,000 this year. This is the minimum level it needs to support the Hampton plant which has a capacity of 12,000 to 18,000, depending on whether a third shift is worked. Many Americans see the Hampton facility as a political gesture by D-B rather than a purely economic proposition.

D-B does not mention anywhere in the sales literature it offered at the show that its trucks are made in Brazil. Nor did Mack Trucks say that its vehicle in the medium-duty diesel sector, called the "Midliner," is made in France by Renault.

Mack, a Signal Industries subsidiary, decided to team up with Renault rather than face the huge expense of developing its own Class 6 diesel truck. Renault cemented the arrangement by acquiring a 20 per cent stake in the company.

Like D-B, Mack has been taking a studied and careful approach when introducing the new truck, making sure that service and spare parts back-up is available before selling into any given area. So far sales have been deliberately restricted to owner-operators and small fleets of up to 10 vehicles because Mack does not yet feel able to cope with the demands of the major fleets.

But this year Mack hopes to sell 2,000 to 3,000 Midliners and by 1984 sales should be 7,000 to 8,000.

In contrast to the D-B and Mack-Renault "step by step" approach, IVECO has gone at the U.S. market with a confident rush. Staffed mainly by former Mack employees, IVECO of North America has set up a widespread network of 108 dealers in 40 states in only two years. (It took D-B eight years to reach the same level of coverage.) IVECO is using the Magirus name on its U.S. trucks.

IVECO's major success so far has been with a new truck rental company called Jartran, formed by the previous owner and founder of the Ryder Truck Rental business. According to one observer, the credit terms IVECO gave Jartran on the 500 trucks it ordered "are very similar to soft loan aid to a developing country."

Yet, as Dallas showed, the Americans are fighting back in the vital diesel segment. The Ford "Fuel Pincher" diesel, launched in February, looks as if it might become the standard power unit in medium-duty trucks.

The engine, an 8.2 litre, eight cylinder, 165 brake horsepower unit (205 hp when turbocharged) was developed by Detroit Diesel Allison with a lot of co-operation from Ford, its biggest customer. DDA is owned by Ford's biggest rival, General Motors, but operates autonomously.

The significance of the 8.2 litre DDA diesel is that previously the U.S. manufacturers have been able to offer diesel engines which were developed not for automotive but other purposes—industrial or for use in agricultural equipment—and later adapted for trucks. The exception until recently has been a Cummins engine, the VT 225, but this has had to command a premium price because it is imported from the company's factory at Darlington in the UK.

Ford was to have used the 8.2 litre engine exclusively for at least a year. But because of the depressed state of the market, it has allowed DDA to offer it to other users. Chevrolet, another General Motors subsidiary, had trucks incorporating the engine at the Dallas show and International Harvester will be offering it as an option in the autumn.

The question about the Europeans is whether they can make profits

The Harbridge House consultancy group reckons that: "Detroit Diesel pricing indicates that the GM strategy is to dominate the market by passing on all economics of scale in lower prices . . . the target is to allow the truck operator to dieselise for $3,000 net."

Harbridge also points out that the American medium truck market is dominated by three domestic manufacturers: Ford, General Motors and International Harvester. "All three are believed to enjoy a remarkably cheap cost base from which they have been able to hold more than 98 per cent of the market."

This must have been a major consideration for Leyland Vehicles and Sweden's Saab-Scania when they investigated the American market to see if the prospects were as bright as they appeared at first sight. According to the U.S. industry, both decided to stay away.

The obvious question to be asked about IVECO, Renault and Volvo is whether they make any profit on trucks they sell in the U.S. Not many of the local manufacturers believe they do.

Ford's Mr. Capolongo echoed the prevailing sentiments. "Of all the manufacturers coming into America the only one I'm currently worried about is Mercedes. Only Mercedes has made a commitment by putting an assembly plant into Virginia. Mercedes is sourcing components out of Brazil and will get the currency benefits of the dollar-cruzeiro relationship and the advantages of assembly here in America.

"We understand they are putting together a good parts supply programme. No other European manufacturer is doing that. I believe the others will have European currency versus dollar problems, not only today but for a long time. That will make it difficult for them to set reasonable prices."

He pointed out that the Europeans would also have freight problems in shipping trucks over the Atlantic and would have to pay a 4 per cent tariff. Because they were based overseas, they would need to keep bigger-than-usual inventories of spare parts.

"Mercedes will probably increase sales here," Mr. Capolongo predicted. "The others will scramble and find it difficult to operate profitably. They could go back home."

Letters to the Editor

No Japanese magic

From the Marketing Manager Rank Toshiba

Sir,—The TV industry not only has a great deal of first hand knowledge on Japanese competition, but also has a particularly protected market in UK, and to a lesser extent, in the rest of Europe, as well as a number of Anglo/Japanese joint ventures now in operation.

I think, therefore, we are well-qualified to comment on the problems which our motor industry is suffering at the present time.

The overall UK market is not increasing and, largely due to the over-supply situation, prices are being held down and with the current strength of the £, imports from most countries and particularly Japan are very attractive. Fortunately, for the TV industry, Europe is still protected by the PAL Licence which restricts imports of sets larger than 20 in, but now with local manufacture and joint ventures, this will not prove to be a problem. Far better that our work forces are employed making such products than they be made elsewhere in Europe.

Despite this protection, the Japanese have managed to make great inroads in Europe, particularly with the acceptance of their brand names, and hence the products associated with them. This is primarily, but not entirely, due to the fact that the vast majority of their goods are built to a very high standard ("Up to a quality" not "down to a price").

The implication here is that the manufacturers' component suppliers are pressured into lowest possible costs, but with a very firm specification on performance and quality. This ensures that the final assembly has the best possible chance of passing through the factory with minimal excess costs on rejects, hence low manufacturing cost and high efficiency and quality levels.

Too often, in the UK, suppliers are pressured into reducing prices which result in lowered standards—"why use two coats of paint if you can get away with one?" Even worse than this, many suppliers have lost valuable technical expertise due to the use of cheap, and often poor, copies of the original material designed for. Manufacturers must have quality and performance specifications and be committed to them if they expect to sell under world market conditions, and this must include appearance quality.

Somewhat ironically, I believe that restrictions on imports have the effect of creating an increased desirability which also ensures that prices stay high.

Just because Datsun is going to import fewer cars does not mean that people will automatically buy British. Indeed, they may well now go out and buy Datsun because they suspect supplies may become short. They will be prepared to pay top prices, and it will almost certainly relieve any high stock problems which Datsun may have at present.

This situation is precisely what has given Japanese TV manufacturers their strong market position in Europe, and also enabled them to keep their prices up. Contrary to some beliefs, Japanese CTV products in UK are not cheap, but they are built "up to quality" in both technical and appearance terms.

Motor industry "watch out" or, as we have done, join forces. We have learnt that we can build to much higher-quality levels than previously with the same personnel, and the basic reasons are: Prove the design before you start mass production; get the co-operation of your suppliers and make sure they understand precisely what you want and if necessary school them in quality control methods; have the best tools for the job; and don't let turn-over pressure cause you to use sub-standard material—work towards a situation where your operators care about what they do—this is far more efficient than employing masses of inspection and rectification on line.

This does not sound like "Japanese magic" to me. It's more like British common sense—and not forgetting hard work.

A. C. Stirley,
Rank Toshiba, Northolt Avenue, Ernesettle, Plymouth.

Delegation of duties

From Mr. P. Williamson

Sir,—I cannot let the views of Mr. Moss (July 7) pass without reply. He suggests that industrialists abdicate their primary duties and responsibilities by allowing "management consultants" to select their staff.

This is not the case. The hiring decision is not abdicated, and rests with the client alone. The employment of management consultants has the objective of locating and screening candidates to produce a short list of suitable individuals. The use of consultants is simply a delegation of duties, just as for more junior staff the task will normally be delegated to the client's own personnel function.

Executive recruitment—which saves the time of industrialists, which can often be better utilised—offers expertise in defining requirements, advising on remuneration and locating candidates. These areas, while probably not outside the competence of industrialists, are not skills they need to possess for their major responsibilities.

Doubtless many senior executives would also be capable of organising their company's library, to give an analogy pertinent to Mr. Moss. Would he therefore consider librarians to be unnecessary intermediaries?

Peter Williamson,
Deloitte Haskins and Sells.
128, Queen Victoria Street.
P.O. Box 207, EC4.

Back your own judgement

From the Librarian, Teesside Polytechnic

Sir,—Contrary to the opinion of the deputy director-general of the Confederation of British Industry, Mr. Moss understands only too well the role of management "head hunters." Civilisation has long since advanced beyond the "head hunting" stage and its unfortunate resurgence in recent years indicates that those of us lower down the line who have to suffer the ill-effects of its modern form need to eliminate it again.

There is no task of management or direction more vital than that of choosing human beings to work with, and in most cases control, other human beings within a firm or organisation. To relegate the vital task of carefully examining all applications and of drawing up the short list to outside agencies who take no responsibility for the ultimate selection and its consequences is an insult not only to applicants but to employees generally.

It is as a result of such thoughtlessness and tactlessness on the part of the people at the top that morale is generally poor throughout business and industry and that trade unionism is, unfortunately, spreading also to the white-collar section, just as it has, equally unfortunately, long since done in the public sector.

R. Moss,
Middlesbrough, Cleveland.

Glorious gardens

From Mr. R. Penn

Sir,—As a British resident of Brussels I am becoming accustomed to the chauvinistic outpourings of the new breed of "Little Englanders" who seem determined to be stupidly insular and anti-Europe in anything that suits their myopic fancy.

But when they invade the columns of a respected newspaper with this kind of pseudo-patriotism on the subject of gardens it is time they were corrected for their sweeping statements and inaccuracies.

I refer to the article (July 9) entitled: "Sissinghurst—the best in the world" by Robin Lane Fox. Its authenticity is rather naively destroyed by his own statement: "Naturally, I have not seen them all, but . . ." I am quite sure he hasn't. Quite apart from the statement being an admission of inexperience, to say Sissinghurst is the best in the world is fatuous. There are quite a number of other gardens in Britain that are better or at least as good, for example Inverue in Scotland, Wakehurst Place in West Sussex, quite apart from Gravetye Manor, again in Sussex, where William Robinson laboured for so many years, let alone Kew!!!

Is he trying to rival Lord Conway's equally doubtful assertion that Leeds Castle "is the most beautiful in the world," when anyone who has seen Chenonceaux or Neuschwanstein would hardly agree?

These statements maybe all right for tourist propaganda, but they hardly suit authentic newspapers like the Financial Times.

Let him see the Generalife gardens in the Alhambra before he makes statements of this kind—and in any case what kind of criteria is he using—the whole subject is prone to doubtful value judgments, better just say it is good or even remarkable, otherwise say nothing!

R. W. G. Penn.
Boite 5,
Ave. A. Madoux 131,
Woluwe St. Pierre,
1150 Brussels.

The name of a horse

From Mr. I. Calvocoressi

Sir,—I would much appreciate space to state, as a member of the Stock Exchange, who is not allowed to advertise, that the horse named "Calvocoressi" and tipped to win at York on July 11 by your racing correspondent, is in no way connected with me or any of my family, but is owned, I understand, by a Mr. Charles St. George.

No one had the courtesy to consult me or any member of my family, before the horse was given my family name, a name very unusual in this country, nor, despite many protests and a lengthy correspondence with the stewards of the Jockey Club, did I succeed in having the name changed. It is, apparently, impossible for the names of horses to be changed, once they have been registered, even though human beings can change the names they received at birth.

So, I would just like to make it clear that this horse is nothing to do with any human Calvocoressi!

I. M. Calvocoressi.
Court Lodge,
Westerham, Kent.

Transport in London

From the Chairman, London Amenity and Transport Association

Sir,—Sir Horace Cutler is a colourful character and London would be a much duller place without him. But this shouldn't allow him to get away with the statement in his letter (July 9) which implied that, if all other traffic were eliminated, London's bus service would improve by only 1 per cent.

If there were no other traffic, not only would the 1 per cent of bus-miles lost from the existing timetable through traffic congestion be restored, but it would also be possible to re-write the timetable so that the same number of buses provided a greatly increased service. Perhaps, after all, Sir Horace is on to a winner this time.

Harley Sherlock.
LATA,
13, Alwyne Place, N1.

Marketing tourism

From Mr. V. Middleton

Sir,—Generally, "Marketing Scene" provides a high standard of informed comment on issues in the news. It adds interest to Thursdays. But Mr. Thompson-Noel was more than wide of the mark in suggesting on July 10 that "the men who market Britain cannot change the product."

Of course they can, and they can also find new ways to reduce costs and absorb apparent price increases caused by inflation and a strong pound. A tourist product is not Stonehenge, The Tower of London or Trafalgar Square. It is an expectation and an experience, or rather a package of experiences covering transport, accommodation, attractions, facilities, shops and information at a total price.

Products—all products—services or manufactured items are simply *current* ways of packaging the utilities sought by consumers. The skill in marketing tourist products lies in manipulating the many components and prices in ways which are most appealing to customers. How else did winter week-end packages, motels, self-catering, fast food, Skytrain, Mini Prix, Away days, Railcards or conference travel emerge?

The international nature of tourism makes product-formulation in marketing a challenging and highly competitive business.

Victor T. C. Middleton,
(Senior Lecturer),
Department of Hotel, Catering and Tourism Management,
University of Surrey,
Guildford, Surrey.

Today's Events

GENERAL

UK: The Queen and Prince Philip attend Thanksgiving Service for the Queen Mother's 80th birthday, St. Paul's Cathedral.

National Graphical Association's national council considers offer from the Observer newspaper on pay and conditions.

European Atlantic Group meeting with Supreme Allied Commander Atlantic talking on NATO's naval defence and its global implications, in London.

Industrial Tribunal hearing resumes on Lucas anti-union rebel, Mr. Chris Cooke, Birmingham.

East of England Agricultural Show opens, Peterborough (to July 17).

Sir Peter Gadsden, Lord Mayor of London, dines with Scientific Instrument Makers' Company, Montague Close, SE1.

Overseas: EEC Finance Ministers meet in Brussels to examine the Community's economic situation.

Republican Party convention continues, Detroit (to July 18).

PARLIAMENTARY BUSINESS

House of Commons: Completion of the remaining stages of the Local Government, Planning and Land (No. 2) Bill.

House of Lords: Tenants' Rights (Scotland) Bill, committee stage. Motions to approve Representation of the People (Amendment) Regulations 1980; Elections (Welsh Forms) Regulations 1980; Representation of the People (Scotland) Amendment Regulations 1980; Representation of the People (NI) Amendment Regulations 1980.

OFFICIAL STATISTICS

Balance of payments current account and overseas trade figures for June.

COMPANY MEETINGS

International Paint, Henrietta House, 9, Henrietta Place, W., 12. Jove Investment Trust, 44 Bloomsbury Square, WC, 10.30. Kayser Bondor, 22 Hanover Square, W, 12. Shires Investment, 70 Finsbury Pavement, EC, 12. Time Products, Connaught Rooms, Great Queen Street, WC, 12. Henry Wigfall, Royal Victoria Hotel, Sheffield, 12.

COMPANY RESULTS

Final dividends: Glove Investment Trust, HAT Group, Jones, Stroud (Holdings), Magnet and Southern. Interim dividends: Gestetner Holdings, Ladies Pride Outerwear, Meldrum Investment Trust, Neil and Spencer Holdings. Interim figures: Crescent Japan Investment Trust.

Rank falls £11m but holds interim at 4.8p

DEPRESSED PERFORMANCE by its associate and principal revenue earner Rank Xerox, left Rank Organisation showing a near £11m downturn in taxable profit to £53.45m for the 28 weeks to May 10, 1980.

However Mr. Harry Smith, chairman, says that it seems likely that the second-half result will be close to last year's when the full-time total reached £131m.

Meanwhile it is anticipated that a £3m provision will be required at year-end against film production losses. Of this sum £1.7m has been provided in the interim accounts and a further £2.5m provision has been made to cover the cost of terminating audio product manufacture at Plymouth next September.

Trading profits for the leisure and industrial and consumer products group were lower at £6.57m, against £7.76m, for the half-year on sales of £255m (£221m). This together with a decline to £53.96m (£65.14m) in the share of Rank Xerox profit was partly offset by a rise from £3.25m to £3.88m from other associates, and interest costs £0.77m lower at £10.96m.

Mr. Smith points out that apart from losses on film production, now discontinued, the first half trading result would have exceeded last year's.

With tax taking £26.03m (£29.76m) stated earnings per 25p share emerged 6p down at 12.2p. The net interim is maintained at 4.8p. Last time a 10.8p total was paid.

Attributable half-time surplus came out £7.42m down at £23.92m after minorities of £2.47m (£1.14m) extraordinary debits of £0.73m (£1.8m) and preference dividend.

HIGHLIGHTS

Lex looks at some very disappointing figures from the Rank Organisation caused partly because of a currency setback at Rank Xerox but also because of a poor performance by several trading operations. The appointment of a receiver at Fodens yesterday marked the eventual failure of the City's attempts to rescue the group in 1975; Lex draws its conclusions. Barclays Bank International has raised $200m on the Eurobond market with a floating rate issue convertible into a fixed rate bond. The Government gave a much clearer picture of the assets which British Rail may be selling off and Lex finally looks at the signs of unrest in the City over the proposed News International restructuring deal.

The group's hotel occupancy levels were hit by the fall in the number of overseas visitors and adverse market conditions squeezed margins on consumer electronics activities. Against these adverse factors in the UK the Australian subsidiary is trading profitably and improved profits are reported from Asian subsidiaries.

At Rank Xerox an underlying 3 per cent decline in profit combined with a £4m adverse exchange movement, compared with a £5m gain in the first half last time. Though this company exceeded its plans in some areas machine placement trading performance was affected by high interest rates, inflation and rentals in excess of sales.

Admissions to group cinemas were slightly lower but are expected to improve in the second half because of stronger product.

Top Rank Clubs continue to trade well and new catering operations are already showing profitable results. Negotiations are also taking place for long leases of motorway service areas, the chairman says.

Pinewood film studios are expected to remain full for the rest of the year.

Results from Rank Audio Visual were depressed by difficult market conditions for Strand and Wharfedale operations and last year's termination of two major photographic franchises.

The interim figures do not include results from Butlins where holidays are at a satisfactory level or Leisure Caravan Parks where rental income and caravan sales are also satisfactory.

Interim figures reported for the subsidiary Rank Precision Industries (Holdings) show taxable profit down from £35.61m to £31.37m on turnover of £23.65m (£19.64m). At the 82 per cent held subsidiary A. Kershaw and Sons, the main interest of which is its holding in Rank Precision, the pre-tax total was up at £2.78m (£2.26m).

Lex, Back Page

Acquisition benefit lifts Carclo to near £3m

INCLUDING results of English Card Clothing, turnover and taxable profits of Carclo Engineering Group were boosted from £9.78m to £32.4m, and from £897,000 to £2.87m respectively, for the year ended March 31, 1980.

The directors state that the current year has started badly, and disappointing first-half results are forecast, followed, as is traditional especially in the English Card business, by an improvement in the second. This will be helped, they say, by action being taken to reorganise the company's business.

In the longer term the directors remain confident that the group's business is "starting a decade of significant achievement."

At the interim stage group turnover was £5.05m (£4.7m) and pre-tax profits down slightly at £464,00 against £514,000.

Turnover for 1979/80 included £18.28m (£3.03m) from English Card, and £3.99m from Indian Card Clothing.

Earnings per 25p share are shown as 18p (16.8p) and the dividend is unchanged at 5.2p with a final of 2.6p net.

Tax took £1.46m (£214,000), pre-acquisition profits and minorities £588,000 (nil), and after an extraordinary debit of £294,000 (£81,000 credit), the attributable balance came out behind at £527,000, compared with £764,000.

● **comment**

Carclo's acquisition last year of English Card Clothing provides substantial scope for rationalisation in the card clothing and wire plants at Cleckheaton and Huddersfield and the enlarged group is confident of restoring the return on funds employed to more "adequate" levels. The benefits, however, may be expected later rather than sooner. The group is warning of a difficult start to the current year, gearing is still somewhat high despite the Wigglesworth disposal proceeds and total net debt stands at just over 50 per cent of shareholders' funds. Export margins are under pressure and, despite a 5p rise to 70p yesterday, the shares may not be entirely willing to take the group's forecast of an improved second half on trust. With hindsight, the potential benefits of the merger are quite plain and there must be a reasonable chance that Carclo can restore its competitive position but, for the short term, a fully taxed p/e of 5.1 and a yield of 11 per cent are still a little nervous.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Carclo Eng.	2.6	Sept. 5	3.5	5.2	5.2
Diamond Stylus	0.59	Oct. 1	0.59	0.89	0.88
LRC Int.	1.75	Oct. 1	1.53	2.45	2.23
Montague Meyer	4	—	3.75	6.25	5.75
Murray Nthn. Inv.	1.15	Sept. 10	0.97*	1.75	1.5*
Murray Nthn. Inv. int.	0.6	—	0.6	—	1.75
Rank Organisation ...int.	4.8	Nov. 3	4.8	—	10.8
Riverview Rnb. 2nd int.	4‡	—	4	—	15
Rothschild Inv. Tst.	9	Sept. 16	7	11.5	9
Vinten Group	1.8	Oct. 1	2	2.8	2.5
Warner Holidays	1.75	—	1.5	2.25	1.85

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross percentage throughout.

RIT makes advance to £7.6m

SECOND-HALF taxable profits up from £3.21m to £4.42m gave Rothschild Investment Trust a record £7.6m for the year ended March 31, 1980, compared with £5.75m previously.

Tax took £2.54m (£1.68m) and after minorities and preference dividends, revenue attributable to Ordinary holders was ahead from £3.66m to £4.62m. Comparatives have been restated.

Earnings per 50p share are shown as 18.9p (16.2p) basic and as 18.4p (15.5p) fully diluted. A final dividend of 9p raises the total from 9p to 11.5p net, absorbing £2.81m (£2.03m).

Net asset value at the year-end was 405p (354p) pre-conversion and 396p (345p) post-conversion. At July 9, 1980, the respective figures were 433p and 420p.

● **comment**

An increase these days of 20 per cent in net revenue, 23 per cent in net dividends and 24 per cent in net asset value is pretty good by any standards. It was, however, not good enough to please the market, which marked Rothschild Investment Trust's shares 11p lower to 352p. Since RIT's property indications of the mid-1970s the City has come to expect much of the company and over optimistic assumptions ahead of the figures had clearly encouraged speculative buying. The results, in fact, reflect fairly even growth from all activities, even though the decision to retain earnings and increase the capitalisation at Dawnay Day has minimised the contribution from this new acquisition. RIT's magic box, of course, is its historically undervalued portfolio of unquoteds which contains the key to asset value performance. The present yield of 4.7 per cent is below the sector average but RIT's recent capital and dividend growth to date fully justify the below average discount of around 17-18 per cent.

Diamond Stylus down to £180,000

ON MARGINALLY higher turnover of £1.97m, compared with £1.93m, taxable profits of the Diamond Stylus Company fell from £251,586 to £180,562 for the year ended March 31, 1980.

First-half profits had dropped from £80,116 to £37,369 as a result of difficult trading conditions, particularly in the U.S. where the strong pound adversely affected group interests.

After a reduced tax charge of £13,000 (£104,044) net profits for the year were ahead from £147,542 to £162,562. Earnings per 10p share are shown as 5.18p (4.7p) and a final dividend of 0.5949p raises the net total from 0.8786p to 0.8913p.

The company makes and distributes diamond-tipped gramophone styli.

Montague Meyer at £16.33m

DESPITE a £4.85m increase in interest to £11.16m pre-tax profits of Montague L. Meyer, timber merchant, finished the March 31, 1980 year ahead from £15.45m to £16.33m, on turnover up by £48m to £325m.

At halfway profits had risen to £9.27m (£7.96m), but the directors said that second half figures would be affected by high interest rates.

Mr. Nick Meyer, the chairman now says that since the year-end a deterioration in the economic situation is having a detrimental effect on consumption and profitability. However, the group's diversified activities, provide some protection and every possible action is being taken to ensure that the group remains competitive, he adds.

Stated earnings per 25p share are 24.4p compared with 23.3p, and the dividend is lifted to 6.25p (5.75p) net, with a final payment of 4p, and will cost £3.7m (£3.26m).

Profits for the year included associates' share of £2.94m, against £1m, and were subject to tax of £2.23m (£1.97m). After minority losses of £6,000 (£246,000 profits) the attributable balance was £14.11m, compared with £13.24m.

● **comment**

While volume and prices were buoyant through last year, the squeeze is now being felt all round at Montague L. Meyer. Even though money owing to creditors is up 40 per cent or so at £51m, acquisitions worth £8m, together with an £11m increase in stocks, has pushed up net debt by about £16m to £75m. Only a revaluation of net assets of about a third will hold the level of debt to below the 57 per cent of capital employed in the 1979 balance sheet. The shares rose 3p yesterday to 98p, producing a yield of nearly 10 per cent. With pre-tax profits likely to come down to £12½m or so in the current year, the prospective p/e is about 9, fully-taxed.

Deanson on target at midway

DESPITE problems in both the printing and packaging divisions pre-tax profits of Deanson (Holdings) improved from £124,000 to £158,000 for the half year ended March 31, 1980, and were in line with budgets. External sales were unchanged at £2.34m.

Mr. John Wilcox, chairman, says that trading conditions in the second half so far have deteriorated for all divisions to the extent that profits for the current six months will be difficult to earn.

"In these circumstances I cannot give a reliable forecast of the results for the year." Profit for 1978-79 was £215,000.

Pre-tax figure for the first half was struck after depreciation of £51,000 (£47,000) and included an extraordinary profit of £6,000 (nil). After tax, much lower at £3,000 (£21,000)—entirely due to heavy capital expenditure—net profit came through at £155,000 (£103,000).

Warner Holidays passes £1m

AFTER showing a modest £2,000 increase to £356,000 at halfway, pre-tax profits of Warner Holidays have, as expected, shown considerable improvement and the year-end figures are up from £817,992 to £1.13m. Turnover improved from £8.99m to £10.84m.

The company operates holiday centres throughout the UK and in Majorca.

After tax of £351,633 against £300,620, stated earnings per 10p share up from 6.12p to 9.2p; and the final dividend is raised from 1.5p to 1.75p for a total of 2.25p (1.85p).

● **comment**

Warner Holidays' three-year £3m modernisation programme is paying off. Its upgraded holiday camps commanded higher tariffs and attracted more people late last summer with the result that second-half profit jumped 65.7 per cent. In the current year, overseas bookings are up one-third while advance home bookings have been sluggish again. The group hopes for a late summer surge similar to last year's but even if it does not materialise, tariff increases of 17 to 23 per cent may offset any slight decline. The 21.6 per cent higher dividend provides a yield of 7.1 per cent. The closely held shares trade at seven times fully taxed earnings.

BSC SELLS NZ INTERESTS FOR $5.5M

The British Steel Corporation has agreed to a $5.5m (NZ$13.25m) sale of New Zealand interests to Fletcher Holdings, a wholly-owned subsidiary of the New Zealand industrial group Fletcher Holdings.

BSC (International) will part with a 16.1 per cent shareholding in Pacific Steel, together with 6,250,000 shares in Steel and Tube Holdings—22 per cent of the company's capital.

BERKELEY BUYS AMERICAN LEASES

Berkeley Exploration and Production has agreed to buy controlling interests in four oil and gas leases in central Texas. The consideration together with the future well development expenditure, has been provided by the issue of 446,000 partly paid shares, by Berkeley which have been placed with institutions, at 200p per share.

The deal will give Berkeley a balanced portfolio of U.S. oil prospects covering about 10,600 acres. The development of the leases will begin immediately.

Baker Perkins sees first half profit downturn

TRADING profits for the first half of the current year are likely to be lower than the £2.59m for 1979/80, Mr. J. M. Braithwaite, chairman of Baker Perkins Holdings, tells shareholders in his annual review.

An improvement is expected in the second six months, as in the past, but by how much will be heavily influenced by the volume of incoming orders over the next few months—as at March 31, orders on hand totalled £50m compared with £52m at the same time last year.

Mr. Braithwaite states that in response to slackening demand operating costs of the UK companies are being cut so far as is compatible with medium and longer term plans, and has involved a number of redundancies and early retirements.

He adds however that despite the immediate business outlook the company is still proceeding with its factory modernisation programme for the packaging machinery side in the north-east of England.

Overseas operating companies are not under quite the same increasing pressure on volume and margins, says the chairman, and the directors are consequently looking for good results from this sector, despite an extended strike at Baker Perkins Inc. earlier this year.

As reported on June 20, pre-tax profits for the year ended March 31, finished down from £9.86m to £6.46m—second half contribution was £1.4m of forecast at £5.14m (£6.5m). The dividend is effectively raised to 6.45p (5.16p) net per share.

On a CCA basis pre-tax figure is reduced to £1.7m compared with £6.6m.

GROVEBELL

Remarks made by Mr. V. J. Advani, chairman of Grovebell, reported in Saturday's issue, were all directed at Bond Street Fabrics. One was inadvertently stated as relating to Grovebell.

Phelps now warns, but Amax still confident

BY KENNETH MARSTON, MINING EDITOR

ANOTHER major transatlantic natural resource corporation is forecasting a sharp turn-down in earnings following a buoyant first quarter. This time it is Phelps Dodge which expects second quarter earnings to be "substantially below those of the first quarter of 1980 and the second quarter of 1979."

Earnings for the first quarter of this year amounted to $2.31 (97p) per share and those for the second quarter of 1979 were $1.71 per share. Phelps says that the current decline in earnings comes mainly from higher copper production costs and lower sales of manufactured products, a reflection of the recession in the housing and automobile industries.

Earlier this year Phelps, which accounts for about 20 per cent of U.S. copper production, took a cautious view of 1980 prospects despite the revival in fortunes that had been taking place in the base-metal mining industry generally.

Mr. George Munroe, the chairman, read this year's developing situation correctly when he pointed to two major uncertainties in the outlook. Firstly, he mentioned the "uncertainty whether our country will move into a recession this year" and, secondly, he cited the uncertainty regarding the expiry at mid-year of most of the U.S. copper labour contracts.

Recession has deepened and the copper workers are on strike with no resumption of negotiations expected until the latter part of next month. The Phelps' latest statement comes hard on the heels of forecasts of sharply lower second quarter earnings by Asarco and the Canadian Inco nickel-copper giant.

But one transatlantic natural resource major that is still sailing against the tide is Amax. Second quarter results look like showing up well against the record $140.3m earned in the first quarter. For the rest of this year earnings could be flatter but the group still expects that the 1980 total earnings will exceed the 1979 record.

Amax has two trump cards and one joker in the pack. The joker is the company's copper interests which are subject to the effects of the unresolved copper workers' strike. One of the trump cards is the continuing high income from energy interests in the shape of oil, gas and coal.

The other trump card is the stake in molybdenum which, despite the group's diversification programme over recent years, remains the mainstay of its fortunes.

While the previously high price of moly on the free market has fallen to the lower levels charged by Amax, demand for the metal remains high and its lightweight high strength and anti-corrosive properties are important in steel applications where energy-saving is a major consideration.

Gold fall hits Rand Mines

THE JUNE quarter results of the South African gold producers in the Rand Mines group reveal a similar picture of falling profits to that demonstrated in last week's report from mines in the Consolidated Gold Fields group. They reflect a lower average bullion price received in the period of around $560-$570 per ounce, compared with over $700 in the March quarter. Gold was $644.5 yesterday.

The trend towards mining lower ore grades continues, but these mines have offset the effects of this to some extent by increasing the tonnage milled, so that overall gold production has in fact risen.

At the net level, lower tax charges and higher sundry income have helped to mitigate the fall in operating profits.

East Rand Proprietary, one of the marginal grade mines in the group, suffered the sharpest reverse in net profits with a decline of almost 25 per cent to R10.68m (£5.9m), after an excellent performance in the previous quarter.

Another marginal, the veteran Durban Deep, boosted its milling rate sharply, and net profits were just 9.1 per cent lower.

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
Blyvoor	20,722	26,488	16,899
Durban Deep	5,857	6,444	*4,661
E. Rand Pty.	10,684	13,971	*6,526
Harmony	31,827	37,432	26,326

The latest quarterly net profits of the mines are compared in the following table.

VENTERSPOST HIT BY FIRE

An underground fire at South Africa's Venterspost gold mine has reduced production by 55 per cent. The fire, 2,300 metres below surface and near the mine's No. 3 Tertiary Shaft, was discovered late on Saturday night when immediate arrangements were made to seal off the area affected from the rest of the mine. There were no casualties.

The area where the fire is burning comprises only 15 to 20 per cent of the mine's production areas but there remains the danger of noxious gas being released into the mine workings while the fire remains incompletely sealed off.

All seals are in position and leakages are being eliminated. It is expected that this work will be largely completed in the next 24 hours.

The mine is covered by insurance for 30 days for loss of profit and damage to equipment due to underground fires.

FEDMYN RAISES GENCOR STAKE

In a series of deals worth a total of R82m (£45m), the major Afrikander finance and industrial group Federale Mynbou has regained its majority stake in South Africa's General Mining Union Corporation (Gencor).

Fedmyn's holding fell from 63.38 per cent to 44.38 per cent when Gencor issued new shares to buy out the minority in Union Corporation.

As a result of acquisitions from companies associated with it, Fedmyn has lifted its direct holding to 50.05 per cent. This was followed by the purchase from Gencor itself of further shares to take the stake to 55.72 per cent.

RUNDLE TWIN IN URANIUM VENTURE

Central Pacific Minerals, one of the companies involved in the giant Rundle oil shale project, is to take a 17.56 per cent stake in a uranium exploration joint venture in the Ngalia Basin, north-west of Alice Springs in Australia's Northern Territory.

The other participants in the project, which extends over about 900 square miles, are Agip Australia and Urangesellschaft Australia, each with 41.22 per cent.

CEYLON PLANTERS

The board of Ceylon and Indian Planters' Holdings announces that merger talks with another company have been terminated. However, the board is actively seeking other proposals for the future of the company.

HOPKINSONS HLDGS.

Wolstenholms (Radcliffe), a member of the Hopkinsons Holdings Group, has increased its product range by acquiring the stainless steel valve manufacturing interest of Royles, of Irlam, Manchester.

SPAIN.

July 14	Price %	+ or −
Banco Bilbao	228	
Banco Central	250	
Banco Exterior	210	
Banco Hispano	229	+2
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	280	
Banco Urquijo	145	−2
Banco Vizcaya	238	+3
Banco Zaragoza	211	+3
Dragados	79	
Espanola Zinc	60	
Fecsa	59.2	−0.5
Gal. Preciados	23.5	−0.5
Hidrola	64.7	
Iberduero	61.2	−0.6
Petroleos	114.5	+2.5
Petroliber	86	+1
Sogefisa	107	
Telefonica	61	
Union Elect.	65	

Laporte offer values Bio-Kil at £3.75m

LAPORTE INDUSTRIES (HOLDINGS), the chemical manufacturer, yesterday emerged as the bidder for Bio-Kil Chemicals with an offer worth £3.75m. The board of Bio-Kil has said that the terms of the Laporte offer are fair and reasonable and intends to recommend acceptance.

Bio-Kil's shares are traded under Rule 163 (2)—the unlisted securities market. It made its debut late last year.

Laporte is offering 150p cash for each of the 1m ordinary shares of 10p each in Bio-Kil and the 1.5m non-participating convertible shares of 10p each.

The main activities of Bio-Kil and its subsidiaries are the manufacture and sale of wood preservatives and damp proofing products for remedial treatment against woodworm, dry rot and rising damp.

In the financial year ended March 31, 1980 Bio-Kil's profit before and after tax was £232,000 on turnover of £1.05m.

Laporte said yesterday that the acquisition of Bio-Kil will represent a valuable diversification which at the same time will complement certain of its existing activities.

Laporte has agreed that it will make available to accepting shareholders of Bio-Kil an alternative consideration in the form of Laporte shares. The share alternative will be limited so as to be available in respect of a maximum number of ordinary shares of Laporte, the aggregate value of which will be approximately £1.25m.

On the offers becoming unconditional, Mr. K. J. Minion, the managing director of Laporte, will join the board of Bio-Kil.

Directors of Bio-Kil, holding an aggregate 236,249 ordinary shares and 1.42m non-participating convertible shares, totalling 66.2 per cent of the issued share capital, have irrevocably undertaken to accept the offers.

GKN/KISMET

Guest, Keen and Nettlefolds has acquired most of the assets of Kismet Dynaflex in Bedford, Hartlepool and Rotherham. Kismet supplies and services garage and workshop equipment.

The assets acquired will be used by GKN's subsidiary Laycock Engineering, which manufactures garage equipment and automotive components such as clutches and overdrive units.

The move will strengthen Laycock's range and provide a more comprehensive service to its customers and those of Kismet Dynaflex.

SINGLO TEA

The disposal of the Singlo Group's Indian tea interests to Caparo Tea Company has been completed. Consideration was £1.5m to be satisfied as to £1m cash and £500,000 in two equal guaranteed instalments of £250,000 each, payable six and 12 months respectively after date of completion (July 10, 1980).

SHARE STAKES

Ferguson/Cawdaw — Cawdaw Industrial Hldgs. has been advised that Ferguson Industrial Hldgs. has acquired a further 10,000 ordinary shares and now owns a total of 375,000 (7.4 per cent).

Polly Peck (Hldgs.)—A Nadir, director, on July 10 bought 15,000 shares in his own name and 15,000 in name of Tereco Investments, a private company controlled by Mr. Nadir.

Dawson International—Woodbourne Nominees has disposed of 1,500,000 ordinary shares leaving holding 2,251,474 (3.9 per cent).

Clive Discount Hldgs.—Scottish Amicable Life Assurance Society holds 863,400 ordinary.

Ratners (Jewellers)—J. M. Ratner, director, has disposed of 100,000 shares. L. M. Ratner, director, has disposed of 100,000 shares.

Barker and Dobson Group—Electra Investment Trust notifies that Globe Investment Trust is interested in 1,793,000 shares (6.67 per cent).

Scottish Ontario Investment Company—Kuwait Investment Office has acquired 615,000 shares making holding 3,165,000 (11.46 per cent).

Hay's Wharf and KIO in talks

By Michael Cassell

Shares in The Proprietors of Hay's Wharf were yesterday temporarily suspended following news that the company is holding talks with the Kuwait Investment Office.

Ten days ago, the KIO made a 240p a share cash offer for the 67.3 per cent Ordinary of Hay's Wharf it does not already own. The offer, which was rejected as "inadequate," valued the distribution-to-property group at almost £52m.

An announcement yesterday said that the KIO and Hay's Wharf were having talks in relation to the proposed offer and, accordingly, the Stock Exchange had been asked to suspend quotation of the company's Ordinary and Preference shares. The suspension price was 253p, a rise of 3p on the day.

News of the talks brings nearer the chance that the two sides will be able to reach agreed terms for the takeover. The KIO has been anxious to emphasise to Hay's Wharf directors that it sees the group continuing on broadly similar lines and that the future for its 3,500 employees is safeguarded.

The key to the outcome of the discussions will be the valuation of Hay's Wharf properties, which is now being carried out. The first valuations are coming in and the company—which has plans to redevelop over 20 acres of land on London's South Bank—should have a full picture of its property assets within a week. The KIO will then decide whether an improved offer should be made.

New engineering vehicle for Dyer

BY RAY MAUGHAN

Simon and Coates has found another engineering vehicle for Mr. Jim Dyer, the former chief executive of Armstrong Equipment's fastenings division whom the brokers recently put into Christy Brothers.

The target this time is RTD Group, a Dublin-based company whose electroplating, generator set and motor accessories interests are all situated in Britain. The broker has purchased all the 8m participating preference shares in RTD from the chairman and founder, Mr. Dermot A. Ryan, for a total consideration of £110,000, or 1.375p per preference share, and paid 51p each for 112,825 20p ordinary shares which is the equivalent of 5.1 per cent of the equity. Owing to the weighting of the voting structure, however, the purchases confer 79.3 per cent of the voting rights on Mr. Dyer and his associates.

To comply with the terms of the City Code, Simon and Coates is making a general offer to all equity holders but, with a share price rise to 14p yesterday, the firm does not anticipate a flood of acceptances. The consideration is much smaller than that involved in the Christy Brothers deal and, in this instance, the broker is only backing Mr. Dyer with private clients' funds.

RTD is virtually ungeared but its profits, partly responding to successive asset sales, have slumped from £450,000 in 1974 to just £96,000 in the year to end-February last. The purchasers envisage significant overhead savings and the shares are already responding to the anticipated benefits of a fresh capital and management injection. Mr. Ryan stays as chairman and managing director for the time being.

The acquisition is understood to be the last deal to be put together on behalf of Mr. Dyer but the stockbroker is pursuing further deals which will marry outside management with its private and institutional clients.

More sales by Burton directors

The directors of Burton Group have sold shares worth just over £1m in the clothing company, some three months after a previous spate of disposals by Board members.

Altogether, a total of 870,000 shares has been sold by five directors this time round. The price obtained was 118½p. The largest disposal was made by Mr. Cyril Spencer, the managing director, who shed 600,000.

The chairman, Mr. Ladislas Rice, disposed of 25,000—he sold 100,000 back in April—with Mr. Gerald Slater selling 135,000, Mr. Brian North 100,000, and Mr. Laurence Cooklin 10,000. In April, Mr. North disposed of the same amount at a slightly lower price, while another director Mr. Ralph Halpern sold 380,000.

W. L. PAWSON/ MARSHALL MNFS.

W. L. Pawson and Son, the Leeds clothing and retail group, is to acquire Marshall Manufacturing Company for a consideration amounting to £225,000.

This will be satisfied by the issue of 655,562 Ordinary Pawson 5p shares.

The vendors will retain 137,500 of the new shares and Capel-Cure, Myers and Henry Cooke, Lumsden and Company, brokers to Pawson have placed the remainder largely with institutional clients, to raise £170,000 and expenses.

Marshall is a well-established company with freehold premises in Glasgow and a leasehold London showroom in Regent Street. It specialises in the manufacture of ladies car coats, made from pure wool. Its 1979 pre-tax profits were £60,448

Companies and Markets

UK COMPANY NEWS

LRC gets boost from overseas subsidiaries

SECOND HALF pre-tax profits of LRC International, rubber products, medical and toiletry group, improved from £2.57m to £2.98m and for the full year to March 31, 1980, increased from £5.88m to £6.21m. Figures for the full period were struck after interest up from £1.65m to £2.73m.

Turnover advanced from £98.91m to £113.77m.

The Board states that the improved results include more than doubled profits by LRC Industrial Holdings and significant increases from LRC Europe—up 25 per cent—and LRC Overseas, which showed a 36 per cent increase, following the introduction of the Malaysian plant.

The 5.5 per cent pre-tax advance overall was achieved after absorbing £291,000 losses in translating profits at the year-end exchange rates.

Tax charged was considerably lower at £707,000 compared with £2.95m, and the Board says this reflects concessions granted in respect of permanent stock relief amounting to £2.06m. The charge was also reduced by £362,000 in respect of tax planning activities in overseas operations.

In view of its intention to streamline the group's activities, LRC is continuing its policy of providing for deferred tax.

After minorities and an extraordinary debit of £256,000 (£744,000), attributable profit was £5.18m against £2.1m, and stated earnings per 10p share are 6.07p (3.18p). The final dividend is raised from 1.53p to 1.75p for a total of 2.448p (2.228p).

● **comment**

Considering the sharp rise in interest charges and leaving aside the move into loss at Haffenden-Richborough, LRC's full year's figures are rather good, and the market is clearly happy with the unexpected 10 per cent overall dividend rise. Whether LRC can afford a higher payout is another question; this year's earnings figures are flattered by the unusually low tax charge. The group has been getting its prices up—20 per cent on contraceptives over the year—but it is still having to increase borrowings to finance a relatively modest level of fixed and working capital spending, which suggests profitability is still inadequate. However, it is pleasing to see that the major UK businesses — Marigold gloves, surgeon's gloves, Durex and Gumption—are going well, and LRC does seem to be getting to grips with its overhead costs. If it can sort out the weak businesses on its periphery, next year, if not this year, may show a fair advance; in the meantime the yield at 31p is nearly 12 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Gestetner, Ladies Pride Outerwear, Meldrum Investment Trust, Neil and Spencer.

Finals—Globe Investment Trust, H.A.T., Jones Stroud, Magnet and Southerns.

FUTURE DATES

Interims—	
Albion	July 23
City Offices	July 29
Pratt (F.) Engineering	July 30
U.C. Investments	July 28
Finals—	
Allied Colloids	July 18
Allnatt London Properties	July 17
Acme Industrial	July 22
Davy Corporation	July 24
Ferminster	July 18
Illingworth Morris	July 18
Priest (Benjamin)	July 22
Siebe Gorman	July 21
Wheeler's Restaurants	July 22

Murray Northern improves

REVENUE, BEFORE tax, of Murray Northern Investment Trust climbed from £759,031 to £808,233 for the year to May 31, 1980.

Tax took £295,068 (£316,490) and earnings per 25p share advanced from 1.54p to 1.79p. A final dividend of 1.15p effectively lifts the total payout by 0.25p to 1.75p, while an unchanged interim of 0.6p is recommended for the current year.

"B" ordinary shareholders will receive a scrip issue equivalent in net asset value to the net ordinary dividends for the year.

Vinten falls further behind

IN A difficult year for the Vinten Group, pre-tax profits for the 12 months ended March 31, 1980 dropped from a record £1.61m to £1.37m, on turnover ahead at £6.65m compared with £6.38m. First-half profits had fallen slightly from £622,000 to £610,000.

The group designs, manufactures and markets television camera mounting equipment, aerial reconnaissance systems and ground support equipment and measuring and monitoring instruments.

Mr. Michael Brown, the chairman, says two contracts for reconnaissance equipment have come through too late to help the first half of the current year which is, therefore, going to be poor in terms of sales and profitability.

Prospects for the remainder of the year are however a good deal more encouraging. In addition to the two contracts referred to, a number of large military enquiries have been received and the board is confident that of which are under quotation, at least one of these will be a firm contract before the end of 1980.

During the 1979-80 year the group suffered from delays in conversion into orders of overseas enquiries of substantial value for military reconnaissance and systems and from unexpected Government cutbacks.

However, their effect was offset to a greater extent than might be expected by the increase in worldwide demand for television camera mounting equipment being satisfied through improved production planning and by maintaining strict control over all expenditure.

Sales of television camera mounting equipment rose 20 per cent, but those of aerial reconnaissance equipment were lower because of the lack of a major contract. Pitman turnover, included for the first time, totalled £1.12m.

Yearly earnings per 20p share declined by 4.02p to 9.16p, but the dividend total is stepped up from 2.5p to 2.8p net with a final of 1.8p.

Interest charges increased from £66,407 to £99,319 and tax was up from £541,195 to £[illegible]. Dividends absorbed £[illegible] (£201,381) and retained profits emerged at £521,924 against £562,736.

● **comment**

Here is one company which has not yet benefited from the Government's increased military spending. Vinten suffered delays in Ministry of Defence orders and did not begin the year with a very healthy order book from abroad either. As a result profits from the military side dropped to less than £500,000 last year. Meanwhile, a buoyant market in television camera equipment went some way to compensate and ended up contributing around 60 per cent of group earnings. In its first year as part of the group, Pitman contributed a small loss despite the fact that it accounted for a sixth of group turnover. Vinten exports around 70 per cent of its products directly and indirectly and although the current year seems to have got off to a rocky start, the second half should evince significant profits growth. At 150p the shares are trading on a multiple of 16 on stated earnings and a yield of 2.7 per cent — suggesting long-term growth hopes.

More directors at Mining Supplies

Mining Supplies, the Doncaster-based mining machinery manufacturer, is strengthening its board with the appointment of five additional directors. They are believed to include new finance, technical and mining men.

The new directors are Messrs. M. J. Bell, P. Britton, D. Pyle, F. Sayles and B. Raymond Sloy. Mr. Bell and Mr. Pyle are presently in executive positions with the company.

Mr. Bell is interested in 974,250 shares and 450,000 in family trusts. This represents 6.3 per cent of the total equity.

Rolfe and Nolan makes £0.45m placing under rule 163(2)

Rolfe and Nolan Computer Services, which provides computerised trading and accounting services for commodity brokers, is being introduced to the market by way of a placing of 875,000 10p shares, 35 per cent of those issued, at 51p a share.

Dealings under the Stock Exchange's rule 163 (2) will be permitted from tomorrow.

The company, formed in 1974 after development of the system within commodity brokers, Jeremy Oates now has over 40 clients. Pre-tax profits have risen from £17,000 in 1976 to £160,000 in the year to February 29, 1980, and turnover from £65,000 to £576,000.

Of the shares in the placing, 400,000 are being sold by Mr. Jeremy Oates, reducing his holding from 51 per cent to 24.4 per cent. Mr. Oates says that the company has a sound base and that he should no longer have overall control.

Another 175,000 are being sold by Mr. Iain Nolan, for personal reasons, reducing his holding from 20 per cent to 8.8 per cent.

The remaining 300,000 shares are being issued by the company and the proceeds are to be used to add to working capital and invest in additional computing equipment.

Rolfe and Nolan has not yet paid any dividends but proposes to pay 1p net a share in the current year. No profit forecast is provided but the company says that turnover was up more than 20 per cent in the first quarter. An 18 per cent increase in processing charges, the first since the company's formation, is being imposed next month.

The placing has been arranged M.C.S. Amalgamations. Brokers to the issue are McAnally Montgomery and Company.

● **comment**

Rolfe and Nolan's profit growth record is the more impressive for having been achieved without any increase in computer processing charges over six years. Moreover, the client spread is reassuring, with the largest of some 40 customers accounting for only 15 per cent of turnover. However, the group has only one product and one market. Its fortunes depend largely on the volume of commodity trading by its clients' clients. The directors do not provide a current year profit forecast precisely because commodity trading volume can vary considerably. Rolfe and Nolan also has to contend with direct competition from a similar package offered by the International Commodities Clearing House and indirect competition from brokers who fancy having their own increasingly inexpensive mini-computers. At 14.6 times last year's fully taxed earnings at the placing price, the shares seem fully valued unless comparison is made with another 163 (2) computing services company, Applied Computer Techniques (Holdings) at about 40 times fully taxed earnings for the year ended March 31, 1980.

Oil and gas exploration company formed

A new oil exploration company was formed yesterday by Arbuthnot Latham, the merchant bank, and Premier Consolidated Oilfields, the UK oil group. The company, Rocky Mountain Oil and Gas, is to have a capital of £1.2m and will be owned by a number of investment trusts and institutions.

The company, which is to be headed by Sir Trevor Dawson, an Arbuthnot director, has been formed to take up interests in leases of oil and gas exploration acreage in the Rocky Mountain Overthrust Belt of the U.S. Premier and the new company will each own 12½ per cent of the 578,000 gross acres, covering some 21 hydrocarbon projects in Arizona, Oregon, Nevada, New Mexico and Utah.

The land has been packaged by the May Petroleum group, a U.S. independent company based in Dallas, Texas. May will retain a 50 per cent holding of the land and the remaining 25 per cent will be taken up by a private U.S. company.

UK institutions, taking a stake in the company, include Scottish American Investment with a 20.89 per cent holding, Yorkshire and Lancashire Investment Trust (6.25 per cent), Eastern and International (6.25 per cent), the Independent Investment Company (7.5 per cent).

Mr. Roland Shaw, the chairman of Premier Consolidated, is to be a member of the new board.

Ropner Hldgs. starts well

AN ENCOURAGING start to the current year has been made at Ropner Holdings, and Mr. W. G. David Ropner, chairman, tells shareholders that the group faces the difficult times ahead with confidence.

The shipping side is expected to be comparable with 1979-80, "perhaps better if my hopes for the short-term market are fulfilled." And, despite difficulties stemming from strong sterling, the directors expect better results from engineering.

On the insurance side, although brokerage has increased in the current year so far, profits show a slight reduction.

As reported on July 2, pre-tax profits for the year ended March 31, rose from £2.85m to £4.4m on turnover of £23.36m (£14.97m). The dividend is increased to 4.5p (3.1959p) net per share.

Balance sheet shows shareholders' funds of £12.16m (£10.46m), loans amounting to £3.25m (£10.21m), and bank balances and short term deposits of £2.15m (£3.35m).

Meeting, Darlington, August 4, at noon.

EMAP expects improvement

Despite some adverse factors, trading results so far this year at East Midland Allied Press were about the same as last year but the board believed that some improvement on last year's record figures would be seen, Mr. Frank Rogers, the chairman, told the annual meeting.

For the year ended March 29, 1980, the newspaper and national publication group reported pre-tax profits up from £2.1m to £3.3m, on turnover of £33.5m (£24.2m).

Mr. Rogers said that although the national economy was moving into a recession, the diversity of the company was protecting it from the worst effects of the downturn.

The board was confident the company would continue to make progress from its present diverse and sound base.

IDV advances to £16.26m

An increase of £2.23m to £16.26m in pre-tax profits is reported by International Distillers and Vintners, a subsidiary of Grand Metropolitan, for the six months to March 31, 1980.

The pre-tax figure was struck after interest charges up from £5.02m to £7.02m.

There was a substantial increase in sales at £282.69m compared with £237.86m. Tax accounted for £1.21m against a credit of £682,000 last time.

For the whole of 1978/79 profit reached £25.8m.

FERTLEMAN

B. Fertleman and Sons and its wholly-owned subsidiary, M. P. Davis and Sons, have been placed in creditors' voluntary liquidation. Mr. S. J. L. Adamson, of Arthur Young McClelland Moores, and Mr. G. A. Auger, of Stoy Hayward, have been appointed as joint liquidators.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.298
AKZ C	F.22.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.23.10
AKZ C	F.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AKZ P	F.22.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AKZ P	F.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
EK C	$55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEI C	F.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.58
IBM C	$55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	$60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
IBM C	$65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM C	F.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.65
KLM C	F.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM C	F.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM P	F.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM P	F.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM P	F.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NAT C	F.109.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.110.90
NN C	F.110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
PHI C	F.17.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.17.80
PHI C	F.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	F.140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.165.70
RD C	F.150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	F.160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	F.170	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	F.180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD P	F.150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD P	F.160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD P	F.170	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNI C	F.110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNI C	F.115	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNI C	F.120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNI P	F.115	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNI P	F.120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
XON C	$70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XRX C	$60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Aug.		Nov.		Feb.		
SIE C	DM.280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DM.279.70
VEB C	DM.160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DM.148.80
TOTAL VOLUME IN CONTRACTS						1772		

C=Call P=Put

RESULTS AND ACCOUNTS IN BRIEF

CALEDONIA INVESTMENTS—Results for year ended March 31, 1980 already known. Market value of listed investments £56.68m (£64.55m), unlisted at directors' valuation £2.29m (£2.25m). Shareholders' funds £13.81m (£13.11m). Loans and overdrafts £303,000 (£78,000). Bank balances and cash £1.13m (£204,000). Group holds 49 per cent of British and Commonwealth Shipping. Crewkerne investments held, as of May 31, 18.28 per cent of Caledonia capital. Meeting, 2, St. Mary Axe, EC, July 31, 2 pm.

CHLORIDE GROUP—Results for year to March 31, 1980 with prospects, already reported. CCA profit reduced from £16.7m historical to £8.1m after adjustments for depreciation, £4.8m, cost of sales, £11.5m and gearing, £5.5m. Historic balance sheet shows shareholders funds £118.6m (£118.7m)—reserves £86.9m (£87m). Bank overdrafts and short term loans, £29.7m (£24m). Directors say policy is to contain borrowings in current year. Of total borrowings, 68 per cent have repayment dates beyond one year. Borrowing facilities are sufficient to cater for expected peak demand in 1980-81. Meeting, London Hilton, W., July 31 at 11.30 a.m.

DOWNS SURGICAL—Results for year ended March 31, 1980, already reported. Shareholders' funds £8.7m (£6.24m). Loans £242,000 (£446,000). Net current assets £4.7m (£4.4m) including overdrafts and current portion of term loans £2.19m (£740,000). Chairman says marked improvements in operating efficiency made within last few years and group is better placed to take maximum advantage of any increase in demand. New French subsidiary will not make any significant contribution for year or two, but he is confident it will help expansion and further development of Common Market business. Meeting, Selfridge Hotel, W., July 25, noon.

EVA INDUSTRIES (engineering, agricultural)—Results for year ended March 31, 1980, reported June 5. Shareholders' funds £14.49m (£13.49m). Future capital expenditure £1.07m (£282,000). Pre-tax profit of £1.67m (£1.56m), reduced to £396,000 (£1.17m) on CCA basis. Meeting, Midland Hotel, Manchester, July 30, 11.45 am.

NEW THROGMORTON TRUST (investment company)—Results for year ended March 31, 1980, already known. Shareholders' funds £9.78m (£9.66m). Bank deposits and current accounts £2.33m (£1.09m). Investments £12.08m (£15.54m). Meeting, 25 Milk St., EC, July 22, 12.30 pm.

PAULS AND WHITES (maltster, animal feeding stuffs manufacturer, flour miller)—Results for year to March 31, 1980, already known. Historic pre-tax profits of £7.58m (£7.84m) reduced to £5.88m (£5.53m) on CCA basis. Shareholders' funds £33.83m (£35.12m). Term loans £5.61m (£8.31m). Loans and overdrafts repayable within one year £14.47m (£11.69m). Bank balances £1.57m (£0.99m). Ex gratia payment to former director £30,000 (nil). Chairman says trading conditions in UK will remain highly competitive in current year but he expects better results from overseas operations. Meeting, Ipswich, July 24, 12.15 pm.

STAVELEY INDUSTRIES (Mechanical and electrical engineer and distributor of salt and limestone products)—Results for year to March 29, 1980, and prospects reported June 13. Shareholders' funds £41.86m (£40.62m), bank overdrafts £3.93m (£8.56m), bank balances, cash and deposits £2.98m (£3.06m). Meeting, 12 Great George St., SW, July 23, noon.

VALOR (heating, cooking appliances)—Results for year to March 31, 1980, reported June 13. Shareholders' funds £15.4m (£13.68m). Bank and cash balances £2m (£1.97m). Bank overdraft £71,008 (nil). Future capital expenditure £1.83m (£317,214). Historic pre-tax profit £2.52m reduced to £1.83m on a CCA basis. Meeting, 4, Dowgate Hill, EC, July 24, noon.

WESTBRICK PRODUCTS (building component manufacturer)—Results for year to March 31, 1980, already known. Shareholders' funds £4.93m (£4.04m); borrowed money (including overdrafts) £883,000 (£1.18m). Historical pre-tax profits of £762,000 (£597,000) reduced to £285,000 on CCA basis. Company expects to maintain its market position throughout the remainder of the year. Meeting, Rougemont Hotel, Exeter, July 25, noon.

WGI (construction and engineering group)—Results for year to March 30, 1980, reported on June 17. Historical pre-tax profits of £2.21m (£2.06m) reduced to £965,000 (£1.45m) on CCA basis. Increase in working capital £2.02m (decrease £928,000). Chairman remains confident. Meeting, Wilmslow, Cheshire, July 23, noon.

CURRENCIES, MONEY and GOLD

£ and $ quiet

Major currencies showed little change in yesterday's foreign exchange market, with business confined to very narrow ranges. There was little in the way of fresh factors to stimulate much movement as was shown by sterling's trade weighted index, which remained at 74.5 at all three of the day's calculations, unchanged from Friday. Against the dollar, sterling opened at $2.3750-2.3760, and rose to a best level during the morning of $2.3775-2.3785. Soon after lunch it slipped back to $2.3710-2.3720, but closed at $2.3755-2.3765, helped by late buying out of New York, and showed a fall of just 20 points from Friday's close.

The dollar was slightly firmer overall, with Euro-dollar rates showing gains of up to a quarter of a point in places. Against the D-mark the U.S. unit finished at DM 1.7435 compared with DM 1.7375 on Friday, and SwFr 1.6040 against SwFr 1.5930 in terms of the Swiss franc. It was also firmer against the Japanese yen, rising to Y218.25 from Y217.55. On Bank of England figures, the dollar's trade weighted index rose to 82.9 from 82.8.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer trend against the dollar following a sharp narrowing of Euro-currency rate differentials —There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt, when the dollar was fixed at DM 1.7437, hardly changed from Friday's figure of DM 1.7438. Interest rates showed little movement during the earlier part of the day, and in the absence of any fresh factors, currencies showed very little change. Sterling rose to DM 4.1500 at one point, but came back to be fixed at DM 4.1430.

BELGIAN FRANC — Remaining steady within the EMS despite recent easing of Brussels interest rates, including a cut in the central bank discount rate—The Belgian franc was firmer in Brussels yesterday, losing ground only to the French franc. The U.S. dollar was lower at BFr 27.94 compared with BFr 27.98 and sterling fell to BFr 66.41 from BFr 66.43. The D-mark was fixed at BFr 16.02, down from DM 16.04 previously, and the Dutch guilder weakened to BFr 14.60 from BFr 14.65.

DUTCH GUILDER—Very firm near the top of the EMS, despite recent cut in the Dutch central bank discount rate—The Dutch guilder was unchanged on balance in Amsterdam yesterday in quiet trading. The dollar slipped to Fl 1.9080 from Fl 1.9095 while sterling rose to Fl 4.5310 from Fl 4.5290. The D-mark was fixed higher at Fl 1.0943 against Fl 1.0942, but the French franc fell to Fl 47.16 per FFr 100 compared with Fl 47.18 on Friday.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following the early July support package—The lira was slightly firmer against most currencies in Milan yesterday, with the dollar fixed lower at L830.45 against L830.80, and sterling dipping to L1,973.6 from L1,974.55. Within the EMS the Dutch guilder eased to L433.51 from L435.20 while the D-mark was unchanged at L476.30.

JAPANESE YEN — Steady in recent weeks, after showing a marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen was slightly easier against the U.S. dollar in Tokyo yesterday, with the U.S. unit quoted at Y218.25, compared with an opening level of Y218.40 and Y217.80 on Friday. Trading was generally quiet.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3338	+1.37	+0.67	±1.53
Danish Krone	7.72336	7.79474	+0.98	+0.28	±1.64
German D-Mark	2.48208	2.51609	+1.37	+0.67	±1.125
French Franc	5.84700	5.83643	−0.18	−0.88	±1.3557
Dutch Guilder	2.72257	2.75?09	+1.05	+0.35	±1.512
Irish Punt	0.668201	0.672043	−0.57	−0.23	±1.668
Italian Lira	1157.79	1196.31	+3.50	+2.88	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

July 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3710-2.3785	2.3755-2.3765	1.58-1.48c pm	7.73	3.65-3.55 pm	6.06
Canada	2.7260-2.7340	2.7320-2.7330	1.30-1.20c pm	5.49	3.05-2.95 pm	4.39
Nethlnd.	4.51½-4.54½	4.52¾-4.53¾	3-2c pm	6.62	6½-3½ pm	4.41
Belgium	66.25-66.55	66.35-66.45	14-4c pm	1.63	46-36 pm	2.47
Denmark	12.80-12.85	12.82½-12.83½	¼-1¾ore dis	−0.93	6½-8¼ dis	−2.30
Ireland	1.1035-1.1075	1.1045-1.1055	0.04c pm-0.01 dis	0.33	0.19-0.13 pm	0.56
W. Ger.	4.13-4.16	4.13¾-4.14¾	3½-2½pf pm	7.60	7¼-6¼ pm	2.40
Portugal	115.10-116.00	115.40-115.60	10c pm-20 dis	−1.04	10pm-80dis	−2.77
Spain	167.45-167.85	167.50-167.60	10-180c dis	−6.80	435-525dis	−11.46
Italy	1,968½-1,973½	1,971-1,972	5¾-8¼lira dis	−8.41	32¾-35¼dis	−6.85
Norway	11.35-11.43	11.40-11.41	7¼-6¾ore pm	7.36	17½-15¾ pm	5.83
France	9.58-9.62½	9.60-9.61	4¼-3¼c pm	4.68	9¼-8¼ pm	3.64
Sweden	9.78-9.81	9.78½-9.79½	3-2ore pm	3.06	3¼-2¼ pm	1.07
Japan	515-522	518-519	1.90-1.40y pm	3.70	3.60-3.20 pm	2.62
Austria	29.32-29.47	29.38-29.43	20-17gro pm	7.55	35-30 pm	4.42
Switz.	3.90-3.93½	3.90¾-3.91¾	3½-2½c pm	9.05	10-8 pm	9.96

Belgian rate is for convertible francs. Financial franc 66.80-66.90. Six-month forward dollar 5.22-5.12c pm. 12-month 7.45-7.35c pm.

Canada July 11 2.7330-2.7340 Close.

THE DOLLAR SPOT AND FORWARD

July 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3710-2.3785	2.3755-2.3765	1.58-1.48c pm	7.73	3.65-3.55 pm	6.06
Ireland†	2.1460-2.1490	2.1470-2.1480	1.40-1.30c pm	7.54	3.55-3.45 pm	6.52
Canada	1.1491-1.1510	1.1503-1.1506	0.13-0.18c dis	−1.62	0.42-0.47dis	−1.55
Nethlnd.	1.9055-1.9090	1.9065-1.9075	0.15-0.20c dis	−1.10	0.25-0.30dis	−0.58
Belgium	27.92-27.96	27.94-27.96	9½-11c dis	−4.40	23-28 dis	−3.51
Denmark	5.4050-5.4080	5.4065-5.4080	3¾-4¾ore dis	−8.88	10¾-11½ dis	−8.14
W. Ger.	1.7410-1.7460	1.7420-1.7430	par-0.10pf dis	−0.34	0.20-0.10 pm	0.34
Portugal	48.60-48.76	48.62-48.72	30-40c dis	−2.83	70-110 dis	−7.40
Spain	70.55-70.67	70.58-70.63	65-85c dis	−11.90	230-260dis	−13.88
Italy	830.00-831.00	830.25-830.65	8-11lira dis	−13.73	24-29 dis	−13.25
Norway	4.8030-4.8065	4.8038-4.8048	0.25ore pm-0.25 dis	—	par-0.50 dis	−0.21
France	4.0435-4.0480	4.0445-4.0460	0.90-1.10c dis	−2.97	2.30-2.50dis	−2.37
Sweden	4.1190-4.1240	4.1190-4.1210	1.80-1.95ore dis	−5.46	5.35-5.50dis	−5.27
Japan	217.90-219.40	219.20-218.30	0.70-0.85y dis	−4.26	1.75-1.90dis	−3.34
Austria	12.37-12.38¾	12.37½-12.38½	1.80-2.20gro dis	−1.84	3.75-5.50dis	−1.49
Switz.	1.6020-1.6070	1.6035-1.6045	0.62-0.57c pm	4.45	1.70-1.65 pm	4.19

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 14	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.3	Unavail.
U.S. dollar	99.9	"
Canadian dollar	91.6	"
Austrian schilling	167.8	"
Belgian franc	116.1	"
Danish kroner	107.2	"
Deutsche mark	169.4	"
Swiss franc	202.4	"
Guilder	126.3	"
French franc	102.5	"
Lira	63.1	"
Yen	132.3	"

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

CURRENCY RATES

July 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.560084	0.60719
U.S. $	11	1.33049	1.44296
Canadian $	10.63	1.53005	1.65580
Austria Sch	6¾	19.4797	17.8667
Belgium F	13	37.2268	40.3452
Danish K	13	7.18858	7.80139
D'mark	7½	2.32009	2.51537
Guilder	8	2.56058	2.78274
French Fr	9½	5.56711	5.83967
Lira	15	1106.50	1199.740
Yen	9	289.160	314.090
Norwgn. Kr.	9	6.39553	6.93 77
Spanish Pta.	—	93.8867	101.743
Swedish Kr.	10	5.48450	5.94999
Swiss Fr.	2	2.13268	2.31115

OTHER CURRENCIES

July 14	£	$		Note Rates £
Argentina Peso	4413-4436	1961-1968	Austria	29.13-29.45
Australia Dollar	2.0430-2.0470	0.8610-0.8615	Belgium	66.25-66.85
Brazil Cruzeiro	193.78-194.78	39.115-52.315	Denmark	13.77-13.86
Finland Markka	8.56½-8.36½	3.6060-3.6070	France	9.56-9.62
Greek Drachma	100.991-103.335	42.30-43.66	Germany	4.13-4.16
Hong Kong Dollar	11.64-11.658	4.9055-4.9076	Italy	1935-1976
Iran Rial	n a	n a	Japan	517-522
Kuwait Dinar (KD)	0.630-0.636	0.2663-0.2664	Netherlands	4.51½-4.54½
Luxembourg Frc.	66.66-66.46	27.94-27.96	Norway	11.37-11.45
Malaysia Dollar	5.0780-5.0893	2.1405-2.1455	Portugal	115-116
New Zealand Dlr.	2.3966-2.4003	1.0085-1.0105	Spain	161½-168¾
Saudi Arab. Riyal	7.86-7.92	3.3175-3.3205	Sweden	9.77-9.84
Singapore Dollar	5.0100-5.0215	2.1115-2.1135	Switzerland	3.72½-3.90½
Sth. African Rand	1.8150-1.8175	0.7640-0.7650	United States	2.357-2.376
U.A.E. Dirham	8.77-8.83	3.7010-3.7040	Yugoslavia	62¼-66½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

July 14	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.376	4.143	518.5	9.606	3.813	4.533	1972.	2.733	66.40
U.S. Dollar	0.421	1.	1.745	218.2	4.043	1.603	1.908	829.8	1.150	27.93
Deutschemark	0.241	0.574	1.	125.2	2.319	0.920	1.094	473.9	0.660	16.03
Japanese Yen 1,000	1.929	4.582	7.980	1000.	18.52	7.353	8.742	3802.	5.270	128.1
French Franc 10	1.041	2.474	4.313	538.8	10.	3.969	4.718	2053.	2.846	69.13
Swiss Franc	0.262	0.623	1.087	136.0	2.519	1.	1.189	517.1	0.717	17.41
Dutch Guilder	0.221	0.524	0.914	114.4	2.119	0.841	1.	435.0	0.603	14.66
Italian Lira 1,000	0.507	1.205	2.101	263.0	4.872	1.934	2.299	1000.	1.386	33.68
Canadian Dollar	0.366	0.870	1.516	189.5	3.515	1.395	1.659	721.5	1.	24.30
Belgian Franc 100	1.506	3.578	6.239	780.9	14.47	5.742	6.826	2969.	4.115	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 14)

3 month U.S. dollars		6 month U.S. dollars	
bid 8 9/16	offer 8 11/16	bid 8 7/8	offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17⅛-17⅜	2⅛-2⅝	10½-12½	10¼-10½	4⅛-5	2⅛-5⅝	11⅞-12⅛	14-17	2¼-5⅝	13-13½
7 days' notice	17-17¼	9¼-8½	10½-19⅛	10¼-10½	4⅛-5	9⅞-9½	11⅞-12⅛	19½-22	9¼-2⅛	16-13¼
Month	16⅝-16⅞	8¼-9½	11¼-11⅛	10¼-10⅛	6¼-5⅝	5½-9⅝	11⅞-19⅛	15¼-90¾	9¼-5⅜	12⅞-13⅛
Three months	15¾-16⅛	9⅛-9⅛	11-11⅛	10⅛-10⅝	5⅞-5⅞	5¼-9⅝	11⅞-15⅛	511½-29½	8⅛-9⅝	13¾-12⅞
Six months	14½-14¾	8½-10⅛	10⅝-11	10⅛-10⅝	5⅝-5½	8⅞-8	11⅞-12⅛	21-22	5¾-9⅞	12⅝-12¾
One Year	16⅝-13⅝	8⅞-10⅛	10⅝-11	10-10¼	4⅛-5⅛	8¼-8⅜	12-12¼	19¾-20¾	9⅞-10	5⅝-9⅞

Long-term Eurodollar two years 10⅝-10⅞ per cent; three years 10⅝-11 per cent; four years 11-11½ per cent; five years 11⅛-11⅜ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.13-9.25 per cent; three-months 9.25-9.35 per cent; six-months 9.30-9.40 per cent; one years 9.40-9.50 per cent.

INTERNATIONAL MONEY MARKET

Europe rates steady

European short-term interest rates showed little change yesterday, with the Paris money market closed for a public holiday. In Frankfurt call money was quoted at 9.75-9.85 per cent, compared with 9.70-9.90 per cent on Friday, and one-month at 9.75-9.90 per cent, against 9.75-9.95 per cent. Three-month funds eased to 9.70-9.85 per cent from 9.75-9.95 per cent, but six-month were unchanged at 9.15-9.35 per cent, and 12-month at 8.60-8.80 per cent. The slightly easier trend of late has been encouraged by a facility made available by the Bundesbank, adding DM 3.8bn of liquidity to the market last week. On the other hand tax payments are expected to draw money from the market and this, coupled with a seasonal increase in the note circulation, may lead to a rise in interest rates later this week.

In Amsterdam call money was 10⅛-10¼ per cent, compared with 10⅛-10½ per cent before the week-end, while period rates were unchanged at 10⅛-10⅜ per cent for one-month and three-month; and 10⅛-10⅜ per cent for six-month.

In New York Federal Funds traded around 9½ per cent in early trading—slightly firmer than on Friday—following indications that the Federal Open Market Committee probably did not ease its credit policy at last week's meeting.

UK MONEY MARKET

Large shortage

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave large assistance by buying a moderate amount of Treasury bills and a small number of local authority bills from the discount houses, and by lending a moderate amount, overnight to three or four houses, at Minimum Lending Rate.

Banks brought forward small surplus balances, and there was a small excess of Government disbursements over revenue payments to the Exchequer. But these were outweighed by large supplementary special deposits lodged with the Bank of England by the clearing banks under the corset regulations, and repayment of the moderate amount borrowed by the market on Friday. Discount houses paid around 16 per cent for secured call loans, with late balances taken at 15½-16 per cent.

GOLD

Sharp fall

Gold fell $25 an ounce in the London bullion market yesterday to close at $643-646. Market sources suggested that recent speculation on further U.S. gold sales, and the release of one of the U.S. hostages previously held in Iran may have undermined confidence in the metal. It finished around its worst level of the day, having opened at $660-663. The afternoon fixing took much longer than usual, lasting over an hour, after which gold was fixed at $650.00.

In Frankfurt the 12½ kilo bar was fixed at DM 36,500 per kilo ($651.05 per ounce) compared with DM 37,270 ($665.05) on Friday, and it closed at $648-651 against $666-669 previously.

In Zurich gold finished at $648-651 per ounce from $669-671 on Friday.

	July 14		July 11	
Gold Bullion (fine ounce)				
Close	$643-646	(£270¾-272)	$668-671	(£280¾-282¼)
Opening	$660-663	(£277¾-279)	$693-666	(£279¼-280¾)
Morning fixing	$649	(£272.941)	$666.60	(£279.368)
Afternoon fixing	$650	(£273.661)	$667	(£280.606)
Gold Coins				
Krugerrand	$663-666	(£279-291)	$689-681	(£289¾-291¾)
Mapleleaf	$658½-661½	(£277-260)	$685-689	(£288-290)
New Sovereigns	$163½-164½	(£68¾-69½)	$169½-170½	(£71¼-72¼)
King Sovs	$187-189	(£78½-79½)	$190-192	(£80-81)
Victoria Sovs	$187-189	(£78½-79½)	$190-192	(£80-82)
French 20s	$166½-169½		$170-173	
50 pesos Mexico	$800-805		$822-827	
100 Cor. Austria	$630-636		$655-660	
$20 Eagles	$758-768		$770-774	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

July 14 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-17⅛	—	—	—	16¼-16½	15¼-16	—	—	—
2 days notice	—	—	16⅝-16¾	—	—	—	—	—	—	—
7 days pr.	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17⅛	16⅝-16¾	—	17⅛	17-17¼	15⅛-15¾	—	—	—
One month	16⅝-16⅝	16½-16⅞	16½-12⅝	17¼-17⅝	17	17-17⅛	15¾	14⅞-14⅞	16⅞-16⅞	17
Two months	16⅛-16⅛	16⅞-16⅛	—	17-17⅛	16⅝	—	15⅛	14⅝-14⅞	15-16⅛	16¾
Three months	15⅞-15⅞	15⅞-16⅛	15½-16	16¾-16⅛	16⅛	16⅜-16⅛	14⅝	14⅝-14⅞	15¼-15⅞	15⅝
Six months	14½-14¾	14⅝-14⅞	14½-14⅞	14⅝-14¾	16⅛	15	—	—	13⅝-13⅞	14¼
Nine months	13⅞-15⅞	13⅞-14⅛	—	14⅝-14¾	14⅝	14¼	—	—	—	—
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-13½ per cent; four years 13½-13¾ per cent; five years 13¾-13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¼-14⅝ per cent; four-month trade bills 15¼ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14¾ per cent; three-months 14⅝ per cent. Approximate selling rate for one-month bank bills 15⅛-15⅛ per cent; two-months 15⅛-15⅛ per cent; three-months 15⅛-15⅛ per cent; one-month trade bills 16¼ per cent; two-months 15¾ per cent; three-months 15¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4924 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11½-11¾
Fed. Funds	9¾-9¾
Treasury Bills (13-week)	8.24
Treasury Bills (26-week)	8.22
GERMANY	
Discount Rate	7.5
Overnight Rate	9.80
One month	9.825
Three months	9.775
Six months	9.25
FRANCE	
Discount Rate	9.5
Overnight Rate	12.0625
One month	12.0625
Three months	12.0625
Six months	12.0625
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.75
Bills Discount (three-month)	12.9375

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 14, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	105.0
Albania	Lek	10.10
Algeria	Dinar	9.1020
Andorra	French Franc / Spanish Peseta	9.6050 / 167.55
Angola	Kwanza	66.239
Antigua (S)	E. Caribbean $	6.40
Argentina	Ar. Peso Free Rate	4,423.0
Australia (S)	Australian $	2.0450
Austria	Schilling	29.405
Azores	Portug. Escudo	116.60
Bahamas (S)	Ba. Dollar	2.3760
Bahrain (S)	Dinar	0.897
Balearic Isles	Spa. Peseta	167.55
Bangladesh (S)	Taka	34.59
Barbados (S)	Barbados $††	4.7320
Belgium	B. Franc	(com) 66.40 / (fin) 66.95
Belize	B $	4.7520
Benin	C.F.A. Franc	480.25
Bermuda (S)	Bda $	2.3760
Bhutan	Indian Rupee	18.42
Bolivia	Bolivian Peso	59.35
Botswana (S)	Pula	1.8400
Brazil	Cruzeiro ‡‡	194.29
Brit. Virgin Isles (S)	U.S. $	2.3760
Brunei (S)	Brunei $	5.01575
Bulgaria	Lev	1.9913
Burma	Kyat	16.00
Burundi	Burundi Franc	213.815
Cameroon Republic	C.F.A. Franc	480.25
Canada	Canadian $	2.7336
Canary Islands	Spanish Peseta	167.55
Cape Verde Isle	Cape V. Escudo	85.70
Cayman Islands (S)	Cay. Is. $	1.9800
Cent. Afr. Repub.	C.F.A. Franc	480.25
Chad	C.F.A. Franc	480.25
Chile	C. Peso	(Bk) 93.53
China	Renminbi Yuan	3.4271
Colombia	C. Peso	(F) 112.40
Comoro Islands	C.F.A. Franc	480.25
Congo (Brazzaville)	C.F.A. Franc	480.25
Costa Rica	Colon	20.45
Cuba	Cuban Peso	1.5995
Cyprus (S)	Cyprus £	0.814
Czechoslovakia	Koruna	(com) 12.80 / (nc) 21.25 / (t) 21.00
Denmark	Danish Krone	13.93
Djibouti	Fr.	400 (sg)
Dominica (S)	E. Caribbean $	6.40
Dominican Repub.	Dominican Peso	2.3760
Ecuador	Sucre	(O) 59.50 / (F) 63.48
Egypt	Egyptian £	(U) 1.67
Equatorial Guinea	Ekpwele	167.55
Ethiopia	Ethiopian Birr	(P) 4.8750
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.83
Fiji Islands	Fiji $	1.9033
Finland	Markka	8.56
France	French Franc	9.605
French Cty in Af.*	C.F.A. Franc	480.25
French Guiana	Local Franc	9.6050
French Pacific Is.	C.F.P. Franc	171 (sg)
Gabon	C.F.A. Franc	480.25
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.1425
Germany (West)	Deutsche Mark	4.1425
Ghana (S)	Cedi	6.53
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	102.163
Greenland	Danish Kroner	12.83
Grenada (S)	E. Caribbean $	6.40
Guadaloupe	Local Franc	9.6050
Guam	U.S. $	2.3760
Guatemala	Quetzal	2.3760
Guinea Republic	Syli	44.00
Guinea Bissau	Peso	78.45
Guyana (S)	Guyanese $	6.0590
Haiti	Gourd	11.90
Honduras Repub.	Lempira	4.75
Hong Kong (S)	H.K. $	11.649
Hungary	Forint	(com) 74.99 / (t) [illegible]
Iceland (S)	I. Krona	1,066.22
India (S)	Ind. Rupee	18.42
Indonesia	Rupiah	1,494.33
Iran	Rial	n/a
Iraq	Iraq Dinar	0.7033
Irish Republic (k)	Irish £	1.1050
Israel	Shekel	12.10
Italy	Lira	1,971.5
Ivory Coast	C.F.A. Franc	480.25
Jamaica (S)	Jamaica Dollar	4.2375
Japan	Yen	518.5
Jordan (S)	Jordan Dinar	0.689 (sg)
Kampuchea	Riel	2,951.9
Kenya (S)	Kenya Shilling	17.175
Kiribati	Australian $	2.0450
Korea (Nth)	Won	2.01 (n)
Korea (Sth)	Won	1,431.31
Kuwait	Kuwait Dinar	0.633
Laos	Kip Pot Po	950.0
Lebanon	Lebanese £	8.0790
Lesotho	Loti	1.81925
Liberia	Liberian $	2.3760
Libya	Libyan Dinar	0.7035
Liechtenstein	Swiss Franc	3.8155
Luxembourg	Lux Franc	66.40
Macao	Pataca	12.60
Madeira	Portug'se Escudo	115.50
Malagasy Republic	MG Franc	480.25
Malawi (S)	Kwacha	1.8750
Malaysia (S)	Ringgit	5.08375
Maldive Islands (S)	Mal Rupee	9.3335
Mali Republic	Mali Franc	960.5
Malta (S)	Maltese £	0.801
Martinique	Local Franc	9.6050
Mauritania	Ouguiya	103.6
Mauritius (S)	M. Rupee	17.85
Mexico	Mexican Peso	54.46
Miquelon	C.F.A. Franc	480.25
Monaco	French Franc	9.6050
Mongolia	Tugrik	(o) 5.593 (II)
Montserrat	E. Caribbean $	6.40
Morocco	Dirham	8.84 (sg)
Mozambique	Metical	67.40
Nauru	Australian Dollar	2.0450
Nepal	Nepalese Rupee	28.40
Netherlands	Guilder	4.5393
Netherland Antilles	Antillian Guilder	4.2530
New Hebrides	Franc / Aust. Dollar	150.50 / 2.0450
New Zealand (S)	N. Z. Dollar	2.4063
Nicaragua	Cordoba	23.72
Niger Republic	C.F.A. Franc	480.25
Nigeria (S)	Naira	1.2706 (sg)
Norway	Norway Krone	11.405
Oman Sul'ate of (S)	Rial Omani	0.821
Pakistan	Pakistan Rupee	23.36
Panama	Balboa	2.3760
Papua N.Guinea (S)	Kina	1.5313
Paraguay	Guarani	299.10
Peru	Sol	(exc) (A) 661.21
Philippines	Philippine Peso	17.55
Pitcairn Islands (S)	£ Sterling / New Zealand $	1.0 / 2.4063
Poland	Zloty	(cm) 70.85 / (t) 70.88
Portugal	Portug'se Escudo	115.50
Puerto Rico	U.S. $	2.3760
Qatar (S)	Qatar Ryal	8.66
Reunion Ile de la	French Franc	9.6050
Romania	Leu	(cm) 10.48 / (nc) T22.15
Rwanda	Rwanda Franc	212.54
St. Christopher (S)	E. Caribbean $	6.40
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.40
St. Pierre	Local Franc	9.6050
St. Vincent (S)	E. Caribbean $	6.40
Salvador El	Colon	5.95
Samoa American	U.S. $	2.3760
San Marino	Italian Lira	1,971.5
Sao Tome & Principe	Dobra	80.70
Saudi Arabia	Ryal	7.89
Senegal	C.F.A. Franc	480.25
Seychelles	S. Rupee	14.75 (sg)
Sierra Leone (S)	Leone	2.4350
Singapore (S)	Singapore $	5.01375
Solomon Islands (S)	Solomon Is. $	1.9355
Somali Republic	Somali Shilling	(A) 14.50
South Africa (S)	Rand	1.81626
South West African Territories (S)	S. A. Rand	1.81626
Spain	Peseta	167.55
Spanish ports in North Africa	Peseta	167.55
Sri Lanka (S)	S. L. Rupee	37.70
Sudan Republic	Sudan £ (1)	1.19
Sudan Republic	Sudan £ (2)	1.90
Surinam	S. Guilder	4.2530
Swaziland (S)	Lilangeni	1.81626
Sweden	S. Krona	9.79
Switzerland	Swiss Franc	3.9193
Syria	Syria £	(A) 9.3342
Taiwan	New Taiwan $	85.55
Tanzania (S)	Tan. Shilling	19.30
Thailand	Baht	48.60
Togo Republic	C.F.A. Franc	480.25
Tonga Islands (S)	Pa'anga	2.0450
Trinidad (S)	Trinidad & Tob. $	5.7095
Tunisia	Tunisian Dinar	0.933 (sg)
Turkey	Turkish Lira	185.17
Turks & Caicos	U.S. $	2.3760
Tuvalu	Australian $	2.0450
Uganda (S)	Uganda Shilling	17.16
United States	U.S. Dollar	2.3760
Uruguay	Uruguay Peso	(cm) 21.37 / (fn) 21.34
Utd. Arab Emirates	U.A.E. Dirham	8.80
U.S.S.R.	Rouble	1.5060
Upper Volta	C.F.A. Franc	480.25
Vatican	Italian Lira	1,971.5
Venezuela	Bolivar	10.18
Vietnam	Dong	(o) 5.1795 / (T) 4.5916 (I)
Virgin Islands U.S.	U.S. Dollar	2.3760
Western Samoa	S. Samoan Tala	2.1460
Yemen (Nth)	Ryal	10.81 (SC)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8110
Yugoslavia	New Y Dinar	64.5670
Zaire Republic	Zaire	6.801699
Zambia	Kwacha	1.8260
Zimbabwe	Zimbabwe $	1.4960

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 56.80. **Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

NORTH AMERICAN NEWS

Westinghouse Electric ahead

BY CARLA RAPOPORT IN NEW YORK

WESTINGHOUSE ELECTRIC, the U.S. electrical equipment manufacturer, has pushed up sales and earnings for the second quarter, largely because of continued growth in its defence and nuclear power equipment sectors.

The company has recorded second-quarter earnings of $103.9m against operating net income of $90.9m in the same period last year. An extraordinary charge in the 1979 quarter of $169.98m from the settlement of a uranium contract suit resulted in a net loss of $79m.

Sales for the second quarter this year totalled $2.13bn against $1.96bn for the same quarter last year.

For the first six months of the year sales were $4.17bn, against $3.76bn for the first half of last year. Mr. Robert Kirby, the chairman, said yesterday that because of the softening of demand in certain product lines, "we cannot necessarily expect the same high levels of earnings in the second half of this year."

While the company's defence and nuclear power equipment sectors recorded solid increases during the second quarter in both sales and earnings, its industrial products sector had recorded lower income in both quarters so far this year "as it is more vulnerable to the current downturn in the U.S."

Westinghouse Electric is meanwhile pursuing its multimillion dollar suits against 29 U.S. and foreign uranium producers charging that they conspired to fix prices and divide up the international uranium market. Although the case, scheduled to be heard in September next year, is costing the company thousands of dollars in legal fees, analysts do not expect the costs to interfere with the company's continued improvement in profits and sales.

The company has reached agreement, however, on 16 out of 17 uranium supply suits that had been taken out against it in 1975 when the company abruptly cancelled several uranium supply contracts. Westinghouse is attempting to negotiate a settlement with the last of the plaintiffs, Long Island Lighting Company.

Strong half-year for Irving Trust

By David Lascelles in New York

MORE U.S. banks announced sharp earnings gains yesterday, due to the favourable operating climate of the second quarter.

Irving Trust, the large New York bank, said net income for that period, before securities transactions, was $23.3m, equal to $2.65 a share, compared with last year's corresponding $16.1m or $1.83 a share. Half-year profits were $44.2m or $5.02 a share, up from $31.8m or $3.61 a share in the first six months of 1979.

The bank said this improvement was due primarily to high interest and other operating income, mainly from foreign exchange dealings and foreign acceptance and letter of credit transactions. But this gain was offset by a higher provision for loan losses, up from $7.4m in the second quarter last year to $15.2m this year.

The bank warned: "As the decline in interest rates and slowing of the economy proceed, the record-high earnings of the second quarter may not be indicative of the results of subsequent quarters."

● The Bank of New York reported a 35 per cent gain in earnings for the first quarter. Income was $14.6m or $2.26 a share, up from $10.8m or $1.77 a share. For the six months, income was $27.6m or $4.28 a share, against $21.6m or $3.56 a share for the same period last year.

Mr. Elliott Averett, chairman, attributed the rise to higher net interest income and higher trust department revenues. Loan loss provision in the first half rose from $7.9m to $8.2m.

Income down at Reynolds Metals

By Our New York Staff

REYNOLDS METALS, the second largest aluminium producer in the U.S., reported a slight drop in earnings yesterday, blaming it on the closedown of some unprofitable operations.

Net income in the second quarter was $53.1m, or $3.02 a share, down from $59.4m or $3.12, in the same period last year.

The company said that results included a charge equivalent to 19 cents a share resulting from the closure of unprofitable distribution and retail units operated by its architectural buildings products division.

First-half net income was $110.2m or $5.72, compared to $97.7m or $5.12 last year.

Shipments of aluminium in the second quarter were 351,800 tons, down from 353,700 a year ago.

Mr. David Reynolds, chairman, predicted that shipments in the second half of this year would be down, and that cost pressures could affect margins.

Aluminium companies have begun to feel some of the draught of the recession, and a number, including Reynolds, recently rolled back price increases.

Mr. Reynolds added, however, that in view of the group's record performance for the first six months, he still expected 1980 to be one of the best years in the company's history.

Analysts on Wall Street have predicted that earnings this year at Reynolds will be about the same as last year's $9.23 a share. About 70 per cent of earnings come from production of aluminium, with a further 31 per cent from finished product sales.

The company is hoping that sales to the container and packaging areas will offset the expected downturn in car industry turnover. Although overall demand for aluminium may flatten, higher prices are likely to protect group earnings.

In the longer term, Reynolds continues to hope for further penetration of the car market. It has aluminium producing capacity of about 1.2m, and bauxite reserves in Jamaica, Haiti and Arkansas. Unconsolidated foreign affiliates recorded sales of $1.2bn last year, with Reynolds' equity in their loss standing at $4m.

CPC on target for year-end

BY TERRY BYLAND

A GAIN of 20 per cent in earnings in the second quarter has put CPC International, the world's largest corn refining group, well in line with forecasts for the year-end from Wall Street analysts. At the half-year stage earnings are now 14 per cent up at $3.49, with sales 13 per cent higher at $1.99bn. For the full year analysts have predicted a rise in earnings from last year's $7.51 to around the $8.25 mark.

The second quarter brought earnings of $49.8m or $2.09 against $41.4m or $1.74 a share. Sales gained 11 per cent to $1.04bn.

The company said that the second quarter earnings reflected gains in branded grocery products in all four of its geographical divisions.

Worldwide earnings of corn wet milling operations improved but low margins on this business in Europe continued to adversely affect operating results.

Sales increased in all four of its geographical divisions in the second quarter—some 68 per cent of earnings came from outside the US—and about equally in its two major business lines—branded grocery products and corn wet milling.

CPC earns around 70 per cent of profit from the sale of its branded grocery product lines which in the U.S. include such names as Skippy peanut butter, Mazola corn oil, Hellmann's mayonnaise and Golden Griddle syrup. These product lines have been traditionally recession proof and are expected to record further gains this year.

Corn wet milling (30 per cent of profits) is also viewed optimistically, particularly in North America where higher sweetener prices are helpful. In Europe, competition in wet milling remains a problem but profits in Asia and Latin America are expected to increase significantly.

Growth continues at E.F. Hutton

BY OUR FINANCIAL STAFF

EARNINGS at E. F. Hutton, the Wall Street investment banker and brokerage house, have continued to climb sharply during the second quarter of this year. Hutton reports that all its divisions have maintained a high rate of growth. For the first six months of 1980 net earnings have risen from $14.7m to $41.3m, after an advance to $21.3m from $9.7m in the second quarter.

Fixed income trading, commodity and investment banking all played their part in the company's gathering momentum, Mr. Robert Fomon, the chief executive, said yesterday. Results from retail and institutional sales forces "continued to be excellent."

Hutton is one of the largest publicly owned firms operating on Wall Street. Its brokerage operations dominate the trading base but the company also sells insurance and annuities. The company was recently awarded a specialised investment banking licence by the Bahrain Monetary Authority.

Revenues for the half year were $552.3m compared with $318.6m, and at the per share level earnings have moved up to $4.91 from $1.77. Per share earnings do not take into account a proposed five-for-four stock split, the company explained.

Having recovered sharply in 1978, earnings per share advanced to a record $4.54 in 1979.

Commonwealth Oil expects half-year loss

By Our Financial Staff

COMMONWEALTH Oil Refining (Corco) which was acquired last year by Charter, the oil refining group, expects to report a loss for the six months ended June 30. Charter has already warned of a possible loss for the second quarter.

The company reported profits of $3.4m for the five months to May.

Corco said the loss will be accounted for substantially by entitlement obligations retroactively incurred on Alaskan North Slope crude purchases. These costs are estimated at $12.5m, said Corco.

The company is seeking relief from a Department of Energy ruling that North Slope crude purchased since Nov will incur entitlement obligations.

Control Data shows modest rise

BY OUR FINANCIAL STAFF

SECOND-QUARTER net profits at Control Data, the computer services, systems and peripheral equipment group, advanced from $37.6m to $39m after a $1.3m increase in earnings at its finance and insurance subsidiary, Commercial Credit.

Earnings from the group's computer operations were ahead only $100,000 to $23.8m while Commercial Credit's results came out at $15.2m. Overall earnings per share for the quarter were $2.25 against $2.18 and included a one cent a share (12 cents previously) extraordinary credit. Sales for the quarter were $943m compared with $771m.

After six months Control Data's profits were up 18.5 per cent from $62.6m to $74.2m, or from $3.63 a share to $4.28 a share, including an extraordinary gain of 13 cents (16 cents). Revenues totalled $1.83bn against $1.49bn.

The company said the small gain in earnings reflected the record level of profits in 1979 and that the computer operations were bearing additional expenditures related to new products and services. Sales of computer peripheral equipment to other industry suppliers continued to be strong in the quarter and rental services revenues increased by 16 per cent.

For the remainder of the year the outlook remains good for significant earnings gains despite the economic uncertainty in the U.S., the company said.

Last year net income was 28.6 per cent ahead at $119m, or $6.85 a share, on revenues ahead by 21.8 per cent to $2.55bn.

For the first quarter of the current year Control Data showed a jump in profits from $1.42 a share to $1.92 a share. It had earlier said that its order books stood at record levels at the end of 1979 and that forecasts suggested strong demand for computer equipment this year. The company expected another good year although a slower rate of growth than had been achieved in 1979 was foreseen.

Loss from Financial Federation

By Our Financial Staff

FINANCIAL FEDERATION, the Los Angeles-based savings and loan group which is subject to a $221m offer from Great Western Financial, dropped to a $1.5m loss in its second quarter compared with a $3.5m profit in the same period of 1979. After six months profits were $1.87m against $10.5m.

The company said its performance continued to be adversely affected by problems besetting the savings and loan industry. However, the company expects to return to profits in the third quarter because of the substantial drop in the cost of funds in the past three months.

If the bid from Great Western, also a Los Angeles-based savings and loan group, is completed it would create one of the largest U.S. savings and loan companies with assets of $12bn with Financial Federation contributing $2.4bn.

Du Pont forecasts dip in second quarter earnings

BY OUR FINANCIAL STAFF

E.I. DU PONT de Nemours, the largest U.S. chemicals group, expects a significant fall in profits in the second quarter—because of the spread of the recession in the U.S.

Mr. Richard Heckert, a senior vice-president, said in Frankfurt that profits would be down from the $232.8m, or $1.59 a share, recorded in the June quarter of last year. Sales for the period would show an advance from the $3.24bn total for the 1979 period but would mostly reflect increased selling prices as U.S. volumes had been well down. Profits had been squeezed by lower unit sales and continued increases in costs.

Du Pont earlier this year reported a dip in first quarter earnings from $1.70 a share to $1.66 a share on sales up from $3.02bn to $3.57bn.

The recession in the U.S., which had spread from the motor and housing industries, would also affect results in the second half of the year. Meanwhile, markets outside the U.S. were now showing signs of weakening after having shown relatively high levels of demand in the second quarter, Mr. Heckert said.

Although he gave no specific figures, Mr. Heckert noted that Wall Street estimates put its 1980 profit total at $3.50 a share against the $6.42 achieved in 1979.

Despite the current difficulties Mr. Heckert was confident for the long-term, especially the outlook for the U.S. chemical industry and Du Pont to "recover with a minimum disruption to growth patterns."

James River and Gulf revise terms

By Our Financial Staff

GULF AND WESTERN, the film and industrial conglomerate, and specialty paper group James River have revised upwards the offer price in their two stage bid for Brown Company, the pulp and paper and building products concern.

Under the proposed shareholders of Brown—other than Gulf and Western, which owns 78 per cent of the shares—will receive an additional $1.77 a share in cash for each of the 2.7m shares not held by Gulf.

This lifts the value of the cash and shares offer by James River to $35.83 a share, taking the overall value placed on Brown to about $300m and the cost of the takeover of the outstanding shares from $92m to a little under $97m.

Downturn in housing hits Crown Zellerbach

SAN FRANCISCO — Crown Zellerbach, the forest products group, expects to report sharp declines in earnings for the second quarter and first half, said Mr. C. R. Dahl, chairman and chief executive. He blamed the "disaster area" of the U.S. housing market for the trading setback.

He commented that the group began to feel the recession in the middle of the second quarter and it was now suffering the full effects and saw no signs of appreciable change for the next two quarters in terms of business conditions.

He forecast that Crown would report second quarter net income of about $28m or $1 a share, down 38 per cent from the 1979 second quarter net profit of $45m, or $1.77 a share.

The 1980 second quarter would include a gain of $35m from the sale of the interest in Elk River Timber and a writedown of $33.9m from its ownership in Van Gelder Paper, a Dutch manufacturer, for a total net gain of about $1m or 4 cents a share.

Sales for the second quarter were about $736m up 7 per cent on the $710m reported for the 1979 quarter.

For the six months, net earnings were about $52m, or $1.93 a share, on sales of about $1.49bn compared with a 1979 first-half net profit of $66.5m or $2.61 a share, on sales of $1.34bn.

Of the company's four operating segments, the timber and wood products and the pulp and paper businesses had been hit hardest during the second quarter.

The deeper-than-anticipated plunge in housing starts had been aggravated by credit restrictions and by the steep and rapid increase in interest rates earlier this year, said Mr. Dahl, adding that a substantial backlog of unsold housing still remained. He expected little rebound in the market before early 1981.

Although export sales of logs had held up reasonably well, the housing downturn had hurt pulp and paper lines, because normal scraps from housing timber used for pulp and paper production were in short supply. Newsprint markets continued to be strong, but margins were contracting because of escalating fibre and energy costs.

Crown Zellerbach began to feel a decided drop-off in orders for containers during the latter half of the second quarter as other companies adjusted for the recession.

The packaging group was experiencing some profit squeezes because of cost increases.

The distribution business performed very well for most of the first half and should compare reasonably well with last year, although it would not show an increase on the scale shown in past periods.

Capital spending for 1980 remained projected at about $250m compared with 1979's $215.5m.

AP-DJ

U.S. QUARTERLIES

AKZONA

Revenue	244.4m	237.6m
Net profits	1.45m	5.03m
Net per share	0.12	0.41
Six months		
Revenue	537.5m	497.7m
Net profits	5.75m	14.25m
Net per share	0.55	1.17

BANDAG

	1980 $	1979 $
Second quarter		
Revenue	76.2m	71.5m
Net profits	5.75m	6.07m
Net per share	0.48	0.48
Six months		
Revenue	154.5m	136.3m
Net profits	11.48m	11.01m
Net per share	0.95	0.87

BAXTER TRAVENOL

	1980 $	1979 $
Second quarter		
Revenue	337.7m	296.5m
Net profits	33.15m	29.32m
Net per share	0.96	0.86
Six months		
Revenue	650.8m	571.4m
Net profits	63.59m	54.92m
Net per share	1.85	1.62

CROUSE-HINDS

	1980 $	1979 $
Second quarter		
Revenue	103.4m	93.7m
Net profits	8.68m	6.9m
Net per share	0.68	0.57
Six months		
Revenue	205.8m	183.9m
Net profits	15.8m	12.8m
Net per share	1.27	1.06

FIRST CITY BANKCORP TEXAS

	1980 $	1979 $
Second quarter		
Net profits	21m	16.9m
Net per share	1.61	1.32
Six months		
Net profits	41.5m	33.1m
Net per share	3.18	2.61

LENOX INCORPORATED

	1980 $	1979 $
Second quarter		
Revenue	54.6m	49m
Net profits	3.73m	3.3m
Net per share	0.85	0.75
Six months		
Revenue	106.7m	93.5m
Net profits	5.48m	4.8m
Net per share	1.25	1.08

PACIFIC LIGHTING

	1980 $	1979 $
Second quarter		
Revenue	725.6m	469.5m
Net profits	21.38m	20.25m
Net per share	0.88	0.84
Six months		
Revenue	1.63bn	1.01bn
Net profits	42.6m	49.2m
Net per share	1.72	2.04

TEXAS COMMERCE BANCSHARES

	1980 $	1979 $
Second quarter		
Net profits	25.5m	18.9m
Net per share	1.75	1.38
Six months		
Net profits	49.7m	39.3m
Net per share	3.41	2.73

INTERNATIONAL BONDS

Barclays plans $200m floating rate note

BY OUR EUROMARKETS STAFF

BARCLAYS BANK International is to raise $200m through a 15-year floating rate note in the Eurobond market. It is believed to be the largest such issue ever floated by a British bank.

The notes will carry interest at ¼ per cent above the six-month Libor with a minimum coupon of 5 per cent. They will be convertible at the holder's option into fixed rate 9¼ per cent bonds due 1995 at any time during the first seven years.

The issue is being undertaken by Barclays Overseas Investment Company with a guarantee from Barclays Bank International, which will use the proceeds to support expansion of its non-sterling lending.

Barclays Bank International will run the books for the issue, which has an average life of 13 years. The notes are pre-underwritten by 18 banks including Barclays Bank International and there is also a limited selling group.

The banks underwriting the issue are essentially European, with the London merchant banks figuring prominently.

There was little secondary market movement in FRNs yesterday, but straight dollar Eurobonds were marked down by an average ¼ points as the market continued to suffer from lack of investor interest following the recent spate of new issues.

The weakness of the dollar on foreign exchange markets, coupled with weak sentiment on the New York bond market deterred buyers. Short-term Eurodollar rates also edged slightly higher.

In both the Swiss and German markets dealers reported quiet trading, with prices hardly changed.

In the Euroguilder sector, the National Investment Bank of the Netherlands is to raise up to Fl 75m through a seven-year issue lead-managed by Algemene Bank Nederland. The private placement carries a coupon of 10 per cent and is priced at par.

In the Swiss sector, Philips NV is floating a SwFr 100m 12-year bond issue with a coupon of 5¼ per cent and issue price of par through Swiss Bank Corporation. Elsewhere, Chile is expected to raise DM 100m though a bond issue under the management of Dresdner Bank.

$100m Philippines Eurocredit

BY PETER MONTAGNON

THE Central Bank of the Philippines has awarded a mandate to five international banks to raise a $100m, eight-year Eurocredit with a spread of ¾ per cent throughout.

The credit carries a commitment fee of a ½ per cent and a drawdown availability of three years.

The banks which received the mandate are: Arab Banking Corporation, Bank of Montreal, Bank of Tokyo, Chemical Bank, and Marine Midland.

The credit is the first borrowing by the Philippines in the Eurocredit market for some months. In March, Mr. Cesar Virata, the Finance Minister, said in London that the Philippines would hold back from the markets because of the high interest rates then prevailing.

This followed syndication of a $200m credit at the start of the year. That credit also had a ¾ per cent spread, but the maturity was longer at ten years.

Dutch issue by Danish bank

THE MORTGAGE Bank and Financial Administration Agency of Denmark plans a Fl 100m bond issue on the Dutch domestic capital market. The 10-year bonds will carry a coupon of 10.5 per cent and be priced on Friday. The issue is guaranteed by the Kingdom of Denmark and subscriptions close on July 22.

It was also announced in Amsterdam yesterday that Bank Voor Nederlandsche Gemeenten had fixed the amount of its 10 per cent bond issue due 1985/88 at Fl 250m. The bank had earlier said the issue, priced at 100.5 per cent, could be raised to a maximum Fl 250m from an initial Fl 200m.

Finally, Lease Plan Holding NV, one of the largest leasing concerns in the Netherlands, is to raise Fl 25m over 25 years on a coupon of 10.75 per cent. Subscriptions will take place on July 22.

Agencies.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on July 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	92⅞	93⅜	−0⅛	−0⅛	11.25
Brit. Oxygen F. 10¾ 90	50	94	94½	−0⅛	−1	11.78
CECA Grad. Rate 12 86	100	98⅛	98⅞	−0⅛	−0⅛	11.53
CECA 11⅝ 90	50	98½	99½	−0½	−1	11.78
CECA 11½ 88	100	100¼	100¾	−0⅛	0	11.38
Citicorp O/S Fin. 10 86	300	96⅛	96⅝	−0⅛	−0⅞	10.94
Con. Illinois O/S 9¾ 86	150	94⅜	95	−0⅞	−1⅛	10.99
Denmark 11¾ 90	100	99⅜	99⅞	−0⅛	−0½	11.80
Dome Petroleum 13½ 92	60	102⅝	102⅞	−1⅛	−1⅛	13.03
EEC 11 95	75	95½	96	−0⅛	−0⅞	11.60
EIB 11¾ 92	80	97⅜	97⅞	−1½	−1⅛	12.12
EIB 13¾ 90	100	106¼	106¾	−0½	−0⅛	12.54
Eksportfinans 11¼ 87	50	99¾	100¼	−0½	−0⅛	11.22
Eksportfinans 9½ 87	75	92⅞	93⅜	−1⅛	−1⅛	10.96
Elec. de France 10 88	125	96¼	96¾	−0⅛	−0⅛	10.67
Export Dv. Cpn. 9¾ 84	150	96⅝	97⅛	−0⅛	−0⅛	10.71
Export Dv. Cpn. 12⅝ 87	100	106⅛	106⅝	−0½	−0⅞	11.29
Export Dev. Cpn. 9⅜ 86	150	96⅛	96⅝	−0⅛	−0⅛	10.34
Federal Dev. Bk. 12⅝ 85	75	102⅝	103⅛	−1⅛	−1⅛	11.42
Fin. Exp. Credit 10½ 85	50	97½	98	−1	−1⅛	11.11
Finland, Rep. of 9⅝ 86	100	92⅝	93⅛	−0⅛	−0⅞	11.24
Ford O/S Fin. 12⅞ 95	250	99⅝	100⅛	−0½	−0⅛	12.63
George Weston 12½ 87	30	102	102½	−0⅛	−0⅛	12.97
GMAC O/S Fin. 11 84	100	98	98½	−0⅛	−0⅛	11.18
GMAC O/S Fin. 13⅜ 85	100	105⅛	105⅝	−0⅛	−0⅛	11.79
Goodyear O/S 12⅜ 87	75	98⅞	99⅜	−0⅛	−0⅛	12.71
Hudson's Bay 11½ 90	75	98⅜	98⅞	−0⅛	−0⅛	11.76
IBM Canada 10⅜ 85	50	99⅛	99⅝	−0⅛	−1	10.63
ICI Fin. Ned. 11 85	100	100¼	100¾	−0⅛	−0⅛	10.76
McGraw 13½ 85	75	102⅜	102⅞	−0⅛	−0⅛	12.77
Norwest Ind. 13⅜ 87	50	101	101½	−0⅛	−0⅛	13.30
Nova Scotia 10⅜ 90	60	95⅛	95⅝	—	—	11.55
Pembroke Capital 9⅝ 87	100	94½	95	−0½	−0⅛	10.73
Pemex 11⅜ 88	100	97⅞	98⅜	−0⅛	−0½	11.87
Quebec, Hydro 11½ 92	100	97½	98⅛	−0⅛	+0⅛	11.83
Royleasa Ltd. 11¼ 85	50	100⅛	100⅝	−0⅛	−0⅛	11.10
SNCF 12⅜ 85	50	104⅜	104⅞	−0⅛	−0⅛	11.06
Swed. Ex. Cred. 12½ 85	40	102⅞	103⅜	−0⅛	−0⅛	11.62
Sweden 9⅜ 84	100	96⅞	97⅜	−0⅛	−0⅛	10.68
UB Finance BV 11 90	50	93⅜	93⅞	—	—	12.13
World Bank 9⅜ 85	200	97	97½	−0⅛	−1⅛	10.48
World Bank 10⅛ 87	300	97⅛	97⅝	−0⅛	−1⅛	10.77

Average price changes... On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	102¼	103	−0⅛	+0⅛	7.57
Australia 8⅜ 90	250	102⅜	103⅛	+0⅛	+0⅛	7.68
BFCE 7¾ 87	100	99	99½	−0⅛	−0⅛	7.88
BFCE 8⅛ 95	100	99⅜	100⅛	0	+0⅛	8.16
Brazil 8 87	150	92½	93⅛	−1⅛	−1⅛	9.45
Council of Eur. 7⅜ 89	100	94⅞	95⅜	+0⅛	+0⅛	8.02
Denmark 7⅞ 86	100	98⅛	99⅛	0	+0½	8.18
Denmark 8⅛ 92	100	98⅜	99⅜	0	0	8.34
EEC 7⅞ 94	225	98⅜	99	−0⅛	+0⅛	8.03
EIB 7½ 89	200	97	97½	+0⅛	+1⅛	7.92
Finland Rep. of 8 86	150	98⅞	99⅜	0	0	8.14
Kobe, City of 7⅜ 89	150	95	95⅝	0	+0⅛	7.84
Kobe, City of 8 90	100	100⅛	101	+0⅛	+0⅛	7.91
Mt. Bk. Denmark 8½ 90	150	99⅜	100⅛	−0⅛	+0⅛	8.48
Norway 7⅜ 85	250	99½	100⅛	0	+0⅛	7.52
OKA 7⅞ 89	100	95⅞	96⅝	0	−0⅛	7.96
OKB 8⅛ 92	150	100⅛	100⅞	—	—	8.18
Oslo, City of 8⅜ 90	80	102⅛	103	+0⅛	+0⅛	8.33
Sweden 9½ 87	200	107	107⅛	−0⅛	+0⅛	8.26
World Bank 7⅞ 91	400	97⅜	98½	+0⅛	+1⅛	8.01
World Bank 7⅞ 90	250	99⅛	99⅝	0	+0⅛	8.06
World Bank 10 86	150	108⅝	109⅛	+0⅞	+1⅛	7.99
World Bank 10 90	200	111⅛	111⅞	−0⅛	0	8.23

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	93⅜	94	+0⅛	−0⅛	5.44
Bergen, City of 4⅜ 91	40	95	95½	−0⅛	−0⅛	5.33
Bergen, City of 6 90	50	103⅜	103⅞	+0⅛	+0⅛	5.55
BNDE 5 89	75	85½	86	−0⅞	−1⅞	7.20
BMW Overseas 4⅞ 91	100	93	93½	0	+1½	5.06
Buhrm'n-Tetterode 7 90	40	†105	105⅝	0	−0⅛	6.26
Caisse Nat. Tele. 4⅞ 89	100	95	95½	+0⅛	+0⅛	5.04
Copenhagen 4½ 91	60	91⅛	92	+0⅛	+0⅛	5.52
Council of Eur. 5 89	100	95	95½	+0⅛	+0½	5.68
Denmark 5⅜ 90	80	100	100½	0	+0⅛	5.72
EIB 4½ 91	100	92⅛	92⅝	+0⅛	+0⅛	5.43
EIB 4⅝ 84	100	88	88½	0	+0⅛	5.60
Elec. de France 4⅜ 89	100	95	95⅜	0	+0½	5.04
F. G. Hypoth'k Bk. 6 90	50	†104½	105	—	—	5.37
GZB 4⅞ 89	100	92⅛	92⅝	+0⅛	0	5.29
Hilti 4⅜ 81	35	†94½	95	+0½	−0⅛	4.86
Int.-Amer. Dev. 4½ 89	100	91⅜	92⅛	0	+0⅛	5.65
Int.-Amer. Dev. 7 90	80	106⅝	107⅛	+0⅛	+0⅛	6.05
Jutland Tele 5½ 90	50	100⅛	100⅝	−0⅛	−0⅛	5.43
Malaysia 5 89	90	89⅛	89⅝	+0⅛	−0⅛	5.55
Neweg 5⅜ 90	80	102	102½	+0⅛	+0⅛	5.45
Nippon Tel. & T. 4¼ 89	100	94⅛	94⅞	−0½	−0⅛	4.99
Nordic Bank 5 89	45	97½	98	0	+2⅛	5.32
Norges Komm. 4⅜ 91	100	92½	93	−0½	−0½	5.24
OKB 4⅜ 81	100	92⅛	92⅝	+0⅛	+2⅛	5.27
OKA 5 90	100	103⅜	104⅛	+0⅛	+0⅛	5.47
Oslo, City of 4⅝ 91	100	90⅝	91⅛	+0⅛	+0⅞	5.48
Sekisui Pre. Hms. 6 90	60	102⅝	103⅛	−0⅛	+0⅛	5.81
Shikoku El. Pwr. 4⅜ 89	100	95	95	−0⅛	−0⅛	5.39
World Bank 4⅜ 89	100	96	96½	0	−0⅛	5.15
World Bank 4⅜ 89	160	91⅞	92⅜	−0⅛	−0⅛	5.49
World Bank 4⅝ 91	100	92½	93	0	−0⅞	5.50

Average price changes .. On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92⅞	93⅜	+0⅛	+0⅛	8.29
Australia 6⅞ 88	20	87⅞	88⅜	0	+0⅛	8.98
EIB 7⅜ 89	12	96⅞	98⅛	−0⅛	+0⅛	8.14
Finland 5.6 83	10	90⅞	91⅞	−0⅛	−0⅛	8.73
Finland 5.8 89	10	88⅜	89⅜	−0⅛	+0⅛	8.90
Finland, Rep. of 8⅛ 87	15	96⅝	97½	−0⅛	−0⅞	8.94

Average price changes . On day −0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 98 C$	60	95½	96	−0⅛	−0⅛	11.73
CIBC 13½ 85 C$	50	103⅞	104⅜	−0⅛	+0⅛	12.29
CIBC 11⅛ 85 C$	60	†98	98½	−0⅛	+0⅛	11.98
Federal Dev. 11½ 90 C$	60	97	97⅛	0	+0⅛	11.99
Fst. Can. Inv. 10 84 C$	50	94⅜	94⅞	0	+0⅛	11.88
GMAC 12 85 C$	50	†98⅜	99⅛	0	−0⅛	12.27
R. Bk. Canada 10 86 C$	40	94⅜	95⅛	0	+0⅛	11.23
Tordom Cpn. 13½ 85 C$	30	103⅞	104⅜	+0⅛	+0⅛	12.29
M. Bk. Dnmk. 9 91 EUA	25	94⅛	95½	+0⅛	+0⅛	8.75
SOFTE 8⅛ 89 EUA	40	87	88⅛	+0⅛	+0⅛	10.47
U. Bk. Nrwy. 9⅜ 90 EUA	18	98	99⅛	0	−0⅛	9.71
Algemene Bk. 8⅛ 84 Fl	75	96⅛	96⅝	0	+0⅛	9.28
Algemene Bk. 10⅛ 87 Fl	400	100	100½	0	+0⅛	10.20
Ned. Gasunie 8⅜ 84 Fl	50	100⅛	100⅝	0	+0⅛	8.63
Ned. Middbk. 8⅛ 84 Fl	75	96½	97	+0⅛	+0½	9.30
Norway 8⅛ 84 Fl	100	96⅝	97⅛	0	0	9.18
Philips Lamps 8⅛ 84 Fl	75	96⅝	97⅛	+0⅛	−0⅛	9.30
Air France 11 84 FFr	120	*95⅛	96⅛	0	+0½	12.34
CECA 14⅛ 86 FFr	150	*105⅛	106⅞	0	+0⅛	12.67
Euratom 9⅛ 87 FFr	150	†85½	86⅛	0	+0⅛	12.93
Finland 11 84 FFr	80	*94⅛	95⅛	0	+0⅛	12.69
Finland 11⅛ 89 FFr	70	*92⅛	94	0	+0⅛	12.73
Gaz de France 11 84 FFr	150	†94⅞	95⅞	0	+0⅛	12.53
IBM France 11⅛ 84 FFr	120	*97⅛	98⅛	0	−0½	12.57
Renault 9⅛ 85 FFr	100	†86½	87⅛	−0⅞	−0⅛	13.50
Saint-Gobain 9⅛ 86 FFr	130	86	87	+0⅛	+0⅛	13.18
Solvay et Cie 9⅛ 87 FFr	125	84⅞	85⅞	+0⅛	+0⅛	13.12
Beneficial Fin. 14⅛ 90 £	20	101⅛	101⅞	+0⅛	+0⅛	13.96
Citicorp O/S 13⅛ 90 £	50	99⅛	100⅛	+0⅛	+0⅛	13.46
EIB 11⅛ 91 £	25	83	93⅛	−0⅛	−1⅛	12.64
Fin. for Ind. 12⅛ 89 £	30	96⅛	97⅛	+0⅛	+0⅛	13.13
Fin. for Ind. 14⅛ 88 £	20	102⅛	103½	+0⅛	−0⅛	13.77
Gen. Elec. Co. 12⅛ 89 £	50	97⅛	98½	0	−0⅛	12.84
Swed. Ex. Cr. 15⅛ 85 £	20	104⅛	105½	+0⅛	+0½	13.77
Banobras 8⅛ 90 KD	7	†94⅞	95⅛	—	—	8.01
CCCE 8⅛ 91 KD	10	†92⅞	93⅛	—	—	9.15
Mitsubishi 7½ 84 KD	10	†94⅛	94⅞	+2	+2	8.14
Sonatrach 8½ 90 KD	12	†94⅛	94⅞	—	—	8.37
Akzo 9⅛ 87 LuxFr	500	94⅞	95⅞	−0⅛	+0⅛	10.15
Euratom 8 87 LuxFr	500	89⅛	90⅛	0	+0⅛	10.08
Euratom 9⅛ 88 LuxFr	500	98⅛	99⅛	0	+0⅛	9.97
EIB 9⅛ 88 LuxFr	600	97⅞	98⅞	+0⅛	+0⅛	10.05
Volvo 9⅛ 87 LuxFr	500	96⅛	97⅛	−0⅛	−0⅛	10.38

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅛ 87	0⅛	98	98½	2/1	10.44	10.62
Bank of Ireland 5⅛ 89	§0⅛	98	98½	21/8	11.81	12.02
Bank of Tokyo 5⅛ 89	§0⅛	97⅛	97⅝	25/10	16.56	15.97
Barclays O/S Inv. 5 90	0⅛	97⅛	98⅛	13/12	9⅛	9.82
Bergen Bk. A/S 8 89	§0⅛	97⅛	97⅝	29/8	10	10.27
Bilbao Int. NV 5⅛ 90	0⅛	96⅛	97⅛	29/11	10.06	10.37
Bque. Indo Suez 5⅛ 98	0⅛	99⅛	99⅝	11/1	9⅛	9.78
Citicorp O/S F. 83	§0	98⅞	99⅛	23/8	10.19	10.28
Citicorp O/S F. 84	§0	97⅛	98⅛	30/7	9.69	9.87
C. Itoh 5⅛ 87	0⅛	99⅛	100	18/9	19.44	19.49
Co-operative Bk. 6 86	0⅛	98⅛	98⅝	15/11	11.44	11.63
Creditstalt 5½ 91	§‡0⅛	97⅛	97⅝	14/9	9.44	9.69
CNT 5⅛ 86	§0⅛	100½	101	16/10	18⅛	17.99
GZB 5½ 89	§0⅛	98	98⅛	1/8	15⅛	15.62
Jugobanka 8 89	0⅞	90⅛	92⅛	23/11	11⅛	12.74
Ind. Bank Japan 5⅛ 87	0⅛	100	100½	15/10	18⅛	18.70
Lloyds Eurofin 8 90 £	0⅛	97⅛	97⅝	3/1	15⅛	15.15
LTCB Japan 5⅛ 86	0⅛	98⅛	98⅝	13/12	9⅛	9.77
LTCB Japan 5⅛ 89	0⅛	98	98⅛	7/12	10⅛	10.31
Mfrs. Han. O/S 5⅛ 94	§0⅛	97⅛	97⅝	31/8	9⅞	10.14
Midland Intl. Fin. 5 89	0⅛	99⅛	99⅝	20/12	9½	9.55
Midland Intl. Fin. 5⅛ 92	0⅛	98⅛	98⅞	5/12	10⅞	11.03
Nacional Fin. 6⅛ 88	0⅛	97⅛	98⅛	25/7	14.89	14.99
Nat. West. 5⅛ 94	§0⅛	100	100½	11/10	13⅛	13.58
Nippon Credit 6⅛ 86	0⅛	97	97½	12/1	9.56	9.83
Nippon Credit 5⅛ 87	§0⅛	97⅛	98⅛	8/8	14⅛	14.67
Royal Bk. Scot. 5⅛ 94	§‡0⅛	99⅛	99⅝	11/10	9.31	9.47
Soc. C. de Bque. 5½ 87	0⅛	100⅛	100⅝	3/10	20.06	19.96
Sogenal 5⅛ 98	§0⅛	97⅛	98⅛	13/1	9⅛	9.82
Standard Chsrt. 5⅛ 90	0⅛	100⅛	100⅝	5/9	17⅛	17.14
Sweden 8⅛ 91	§0⅛	96⅝	97⅛	18/10	18⅛	19.23
Williams & Glyn 5⅛ 91	0⅛	99⅛	99⅝	14/9	18⅛	18.57
Bq. E. d'Alg. 4⅛ 89 SF	0⅛	†91	82	18/12	9⅛	9.89

Average price changes... On day −0⅛ on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅛ 98	10/79	145	†118	119	−1	−8.75
Ajinomoto 7⅛ 95	2/80	615.5	114⅞	116⅞	+3⅛	−0.97
Alco Int. Fin. 9½ 94	1/80	40	92⅛	94	+0½	28.05
Apache 1. Fin. 8⅛ 95	12/80	21.12	116½	117⅛	−0⅛	−0.14
Asahi Optical 7 94	11/79	526.1	99⅛	100½	−1½	−3.47
Blocker Energy 8⅛ 95	1/81	21.87	98⅛	99⅛	—	15.79
Canon 6⅛ 94	3/79	570	110⅛	111⅛	−0⅛	0.67
Credit Suisse 4⅛ 93	10/79	1278	103⅛	105⅛	0	−3.04
Daiei Inc. 6½ 94	11/79	927.3	97⅛	98⅛	0	15.88
OOKK 11 90	4/80	324	111⅛	112½	−0⅛	9.64
Oynalactron 9⅛ 95	3/80	12.22	114	118	−0⅛	1.76
Enserch Fin. 9½ 94	7/80	30.25	121½	122½	+0½	3.80
Meidensha Elec. 7 94	12/79	210	103⅛	104⅛	−0⅛	6.51
Mitsubishi Cp. 6½ 94	10/79	549.1	124	125½	−1	2.41
Nippon Saiko 7⅛ 94	12/79	339	†112⅛	113⅛	+1	−0.79
Toshiba Cpn. 7⅛ 94	10/79	198	103	104	−0⅛	3.31
Union Bk. Switz. 5 89	2/80	121.4	98⅞	100⅛	−0⅛	3.29
Fujitsu 5 84 OM	7/79	475	101⅛	102⅛	−0⅛	3.08
Kansai Elec. 4 84 OM	?	1234	87⅛	88⅛	−0⅛	38.95
Sharp Cpn. 6½ 88 OM	9/80	595	101⅛	102	—	11.60
Uny Co. 6½ 85 OM	11/79	1071	97⅛	98⅛	+0⅛	25.93

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Burmeister German subsidiary insolvent

By Hilary Barnes in Copenhagen

THE WEST GERMAN con-...er manufacturing subsidiary of the troubled Danish ship-...d, Burmeister and Wain, has ...ted insolvency proceedings. The company, Industriewerke ...nsportsysteme, is the second ...gest container factory in ...many, employing about 500 ...ple and able to produce ...000 containers a year. Its ...9 turnover was DKr 176m ...26m), according to B and ...'s 1978 annual report (the ...9 report has not yet been ...lished).

Meanwhile, the Industry ...istry in Copenhagen is con-...ering a new application from B and W for a DKr 225m export ...dit guarantee to cover con-...ction of five 80,000 dwt ...k carriers at the Copenhagen ...pyard. Details of the group's ...st application were leaked ...trade unions.

The group plans to set up a ...w company to run the ship-...d, with share capital of ...r 80m and total equity capital ...DKr 112m. The company's ...posed supervisory board will ...include Mr. Jan Bonde ...lsen, B and W's managing ...ector and chief shareholder, ...hough he is being asked to ...k the guarantee with his ...sonal assets, according to the ...ons.

B and W's drawn-out battle ...obtain an export credit ...rantee is partly a con-...uence of the risks involved ...the shipbuilding industry. ...political unwillingness to ...vide a guarantee to a com-...y run by the controversial ...Bonde Nielsen has also ...yed a role. The latest plan ...believed to have been worked ...in close co-operation with ...le union representatives, ...are anxious to preserve the ...0 jobs at present provided ...the shipyard.

The financial implications for ...nd W of the demise of ITG ...not known, but as the com-...y's share capital has ...bably already been written ...the effect on the Danish ...up may be minimal.

Turnover slipping at Audi NSU

By Our Financial Staff

AUDI NSU, a subsidiary of Volkswagen, expects turnover ...be marginally down this ...r.

Herr Wolfgang Habbel, ...naging board chairman, told ...reholders that production ...the first five months of 1980 ...179,000 vehicles, slightly ...n on the year-ago period. ...added that Audi expected ...0 production to be lower ...n last year's 344,100 vehicles. ...Demand for upper middle ...ge cars had "worsened," ...ecially during the second ...rter. Important export ...rkets were being similarly ...cted.

...s for actual sales, Audi's ...nover was 4.5 per cent lower ...the first six months. It took ...10 per cent share of the ...nestic market during the ...f-year.

Despite the present market ...ation, Audi will invest ...und DM 1.5bn ($860m) in ...next two years, mostly in ...Ingolstadt and Neckarsulm ...tories, shareholders were ...l.

...Daimler-Benz production ...ilities will operate at full ...acity through 1980 and ...bably through 1981, Herr ...rhard Prinz, the Board chair-...n, said. The 1980 perform-...e was expected despite the ...nturn for the motor indus-...as a whole in West ...rmany.

French gas cuts loss

The French state gas utility, ... de France (GDF), had an ...rating loss of FFr 276.5m ...8.4m) in 1979, down from a ...s of FFr 379.5m in 1978, ...DJ reports from Paris. The ...icit was more than wiped out ...GDF's profit-and-loss account ...lowing the write-back of part ...the special provision created ...a result of the revaluation of ...depreciation of fixed assets. ...is enabled GDF to post a ...eral profit of FFr 4.7m ...pared with a loss of ...r 131.3m in 1978.

Bosch to appeal against FTC anti-trust ruling

BY KEVIN DONE IN FRANKFURT

ROBERT BOSCH, the West German electrical and electronic components group said yesterday that it expected to launch an appeal within the next seven days against the U.S. Federal Trade Commission's ruling last week, ordering it to end its three-year director-sharing agreement with the Borg-Warner group.

The FTC announced last week—following an investigation lasting more than 18 months—that the presence of two Bosch directors on the Borg-Warner board was a violation of U.S. anti-trust law.

The decision underlined once of the important problems facing foreign investors in tha U.S., and clearly calls into question the future relationship of the two companies, both of which have major interests in the manufacture of automotive components.

Bosch and Borg-Warner are expected to appeal against the FTC ruling on the ground that they are not in competition with each other. Bosch's major automotive strength is in the manufacture of electrical and electronic components, while Borg-Warner has traditionally concentrated on making mechanical automotive components.

Bosch, which is still privately owned, bought just under 10 per cent of the Borg-Warner group at tha end of 1976 for $62.9m. The move was seen primarily as a financial investment, but the company admitted at the time that there was also sn important element of industrial strategy in the acquisition.

Since April, 1977, Bosch has held two seats on the Borg-Warner Board, which have been filled by the Stuttgart group's chief executive, Herr Hans Merkle, and his fellow Bosch Board member, Dr. Hans Bacher.

The Bosch and Borg-Warner appeal must be launched within ten days of the FTC decision, which was announced last Thursday. U.S. anti-trust law forbids competing companies with assets of more than $1m from sharing directors.

Bosch already has an annual turnover in the U.S. of more than $300m, and it is aiming to increase this to sround $500m by the mid-1980s. Among other U.S. interests, it also holds a 25 per cent share in American Micro Systems and earlier this month it announced the takeover of the Stanley Power Tools division of the Stanley Works.

Despite the parent company's diversification, more thsn 60 per cent of the Bosch group's turnover is still derived from sales of electrical and electronic automotive components.

Shell sees chemicals setback

BY CHARLES BATCHELOR IN AMSTERDAM

ROYAL DUTCH SHELL expects a considerable loss on its chemical operations in the Netherlands in 1980 as a whole, despite a small profit in the first quarter.

Prices and sales volume held at reasonable levels in the first three months, but the market worsened considerably in April, partly because of the poor world economic outlook, the company told a works council meeting. The setback followed a "satisfactory" 1979, when production levels were higher than in 1978.

Shell Nederland Chemie used 90 per cent of its ethylene production capacity in 1979 compared with 74 per cent in the previous year. Sales of products made in the Netherlands rose 8 per cent by volume and 43 per cent in cash terms. The sharp rise in sales by value was the result of the company more than compensating for higher raw materials costs by raising prices.

The company made an operating profit last year following two years of large losses, despite the starting-up losses of new plant.

Royal Dutch Shell's refining activities in the Netherlands also made an operating profit last year, despite the sharp decline in margins in the final quarter. The company said that continued profits were needed to fund its ambitious investment programme.

● Prospects have improved for IHC HOLLAND, the specialist Dutch shipbuilding group, following a sudden influx of new orders. Mr. T. P. de Joode, the chairman, said that the company, which had been suffering heavy losses, was now on the road to recovery.

New orders worth Fl. 140m ($74m) have been booked in the past six weeks, guaranteeing employment at the company's yards well into next year. IHC said that it had "good hope" that more orders would be announced in the next few months.

The orders booked include contracts for dredgers from a Belgian-Mexican consortium for a customer in the Far East. Dredging orders have also been received from Poland and the U.S., while other orders have been won by the company's non-dredging divisions.

Reorganisation of the IHC group in 1978 produced a central holding company, since renamed Caland Holdings, with 46 per cent of IHC Holland and 40 per cent of IHC Inc., a company set up to manage the group's foreign activities.

A further decline of the dredging market since the restructuring was carried through has put further pressure on IHC Holland over the past year or so.

Quelle group increases sales

BY OUR FRANKFURT CORRESPONDENT

SCHICKEDANZ group, which includes Quelle, West Europe's largest mail order organisation, has enjoyed faster than expected growth this year, despite the generally sluggish performance of the retail trade in the Federal Republic.

Overall the Schickedanz trading sector, which accounts for some 86 per cent of group turnover, increased sales by 8.7 per cent in the first six months of the year to DM 3.9bn ($2.2bn).

Quelle itself, which includes a large number of retail outlets, raised its sales by 8.6 per cent in the first half of 1980, but taken alone the mail order business boosted its turnover by 12.6 per cent to DM 1.7bn.

The Schickedanz group, which is still family-owned, is aiming at increasing its total sales this year to DM 10bn compared with DM 9.3bn.

It expects to gain further sales momentum in the second half of the year with the circulation of its autumn catalogue, which will again have a print number of more than 8m copies. Price rises for items in the autumn catalogue have been kept to an average of 3 per cent, but the company is finding it increasingly difficult to step up its imports of low-price goods from overseas because of growing import restrictions, particularly from the EEC.

Schickedanz does not provide any consolidated profit and loss account but the trading division reported an increase in after-tax profits last year of 8.2 per cent to DM 131m on a turnover of DM 7.9bn.

The other major part of the Schickedanz group, the industrial holdings, had a mixed year in 1979. The Vereinigte Papierwerke, which manufactures paper raw materials and household paper products such as tissues, increased turnover to DM 856.9m from DM 758.7m but saw after-tax profits halved to DM 10m.

The group's brewery interests represented by Patrizier-Bräu improved their after-tax profits despite the fact that there was a marginal drop in turnover to DM 155.7m.

Mail order sales in the Federal Republic are continuing to show a much stronger sales trend than large department stores, which have been steadily losing market share over the past decade.

Swiss offshoot to handle Rhone nylon operations

BY RHYS DAVID

PRODUCTION of nylon and polyester industrial yarn within the Rhone-Poulenc group of France is to be handled in future by Viscosuisse, the company's semi-independent Swiss subsidiary, under new restructuring plans due to be implemented soon.

The Swiss company, which maintains its own brand names and marketing organisation, will bring into full production later this year a new plant at its Emmenbrucke headquarters capable of producing either polyester or nylon yarns. Meanwhile, after the summer holidays, Rhone-Poulenc will close several older plants in the Lyon area, where it at present produces industrial yarn.

The switch forms part of a £100m restructuring programme undertaken in 1977 by Rhone-Poulenc, which like most other European producers, has been recording huge fibre losses. The company is concentrating its nylon filament activity at a factory in Arras in northern France, which has also been re-equipped with Scragg texturising machines from the UK.

Polyester filament will be centred on Valence, together with nylon carpet staple, and polyester staple and tow production will be concentrated near St. Quentin.

Rhone-Poulenc has been a relatively small producer in Europe of polyester and nylon industrial yarns which are used in tyres, conveyor belts, ropes, webbings, coated fabrics and similar applications. The company is remaining in viscose industrial yarns—again widely used in tyres and beltings—and in some specialty markets for fine count polyester and nylon such as typewriter and computer ribbons.

First half gains at Sandoz

By Our Financial Staff

SANDOZ, Switzerland's third largest producer of drugs and special chemicals, reports higher sales and satisfactory earnings for the first half of 1980.

Sales for the period rose 9.9 per cent to SwFr 2.5bn ($1.55bn), while sales in local currencies rose 15.6 per cent. Earnings so far this year bad been "satisfactory" although "selling prices could not be adequately adjusted to offset the rise in costs due to inflation."

All sectors showed sales increases with the dyestuff division up 11.7 per cent. The most important division, pharmaceuticals, made further advances in almost all markets, up 7.5 per cent, while agrochemicals saw a "highly satisfactory" growth rate of 25 per cent.

Sales of seeds, however, were only marginally higher, while food sales showed a favourable 15.5 per cent rise.

Record Tel Aviv issue for Bank Hapoalim

By L. Daniel in Tel Aviv

BANK HAPOALIM has published a prospectus for the issue of shares and options to raise I£2.5bn (equivalent to $50m), the largest issue ever placed on the Tel Aviv Stock Exchange.

The issue consists of some 434.82m ordinary registered shares of I£1 nominal value and 98.48m registered options (series 10). Of this 256.36m shares and 25.64m options are being offered to existing holders of shares, capital notes, and options, in the form of 2.56m units. Each unit consists of 100 shares and 10 options priced at I£430, on the basis of I£3.90 per share and I£4.00 per option. A further 178.46m shares and 17.84m options are to be offered to the public in similarly composed units but at a price of I£700 (I£6.60 per share and I£4.00 per option). The remaining 55m options are to be offered to the bank's employees at a price of I£2.70.

Sharp rise in earnings at FIBI

By Our Tel Aviv Correspondent

First International Bank of Israel, one of the country's medium-sized banks, which has been conducting an active promotion campaign, has reported net after-tax earnings of I£352m (U.S.$7m) in the first half of this year. The figure compares with earnings of only I£234m for the whole of 1979.

Net earnings for the first six months of this year, on a fully diluted basis, came to I£0.81 per share of I£1 nominal, compare with I£0.57 for the whole of 1979. The bank will pay a 10 per cent interim cash dividend and shareholders will be asked to approve a bonus share distribution at the rate of 66 per cent. as well as a motion to increase the bank's capital by I£900m (U.S.$18m).

Rembrandt ahead despite fall in associates' income

BY JIM JONES IN JOHANNESBURG

REMBRANDT GROUP, the South African group with important interests in tobacco, liquor, mining and banking, raised its attributable net income by 26.3 per cent to R118.7m ($155m) for the year to March 31 from R93.4m in the same period of the previous year.

The earnings downturn at the associated Rothmans International has retarded Rembrandt's consolidated growth. The Rembrandt group's net share of income retained by associated companies fell to R40.7m from R43.8m in 1978-79.

In addition, the 67.9 per cent-owned clothing manufacturer, L L Back reported an increased loss of R1.88m, against R1.68m.

On the other hand, the 20 per cent-owned Volkskas banking group increased taxed attributable income to R28m in the year to March 31, from RR21.8m; Federale Volksbeleggings, in which Rembrandt has a stake of undisclosed size, interest earned R34.7m after tax in the same period, compared with R26.6m in the preceding 15 months; while General Mining, in which Rembrandt also has an unquantified interest, increased consolidated taxed earnings to R96.5m in the calendar year 1979, from R62.5m in 1978.

The earnings growth was further enhanced by last November's sale of the wholly-owned, loss-making Intercontinental Breweries to South African Breweries. Intercontinental had suffered significant losses in its earlier attempt to wrest a significant share of South Africa's beer market from South African Breweries. The prospect of further losses was widely believed to have been a factor in prompting last year's liquor industry rationalisation.

Rembrandt has declared dividends of 30 cents, against 25.5 cents, from attributable earnings per share of 149.4 cents, compared with 95.1 cents. In Johannesburg, Rembrandt Group shares are currently quoted at 690 cents, while those of Rembrandt Controlling, which has a 51 per cent holding in Rembrandt Group's equity, are quoted at 520 cents. Rembrandt Controlling has declared a toal dividend of 21.9 cents, compared with 18.7 cents, from earnings per share of 110.3 cents, against 70.2 cents.

Cape Wine to exceed forecast

BY OUR JOHANNESBURG CORRESPONDENT

CAPE WINE and Distillers (CWD), the company formed in last November's reorganisation of the South African liqnor market and which holds Rembrandt's Oude Meester liquor interests, and the former wine and liquor interests of Sonth African Breweries, bas declared a pre-tax profit of R20.7m ($27m) for the six months to March 31. After-tax income, at R13.2m, was in line with the R13m estimate given in the prospectus published in March.

A moderate increase on the R23.1m fiscal 1981 taxed profit for 1980-81 forecast in the pre-listing prospectus is expected, by the directors, who report that there is good demand for the company's prodncts.

The prospectus said that CWD intended to declare approximately half of distributable income by way of dividends and forecast an approximate dividend of 8.25 cents per share for fiscal 1981.

Of CWD's 140m issued shares, 30 per cent are held by South African Breweries, 60 per cent by KWV Beleggings (the quoted holding company of the combined 60 per cent Rembrandt/Kooperatiewe Wijnbouwers Vereeniging stake in CWD) and 10 per cent by the public.

Bundaberg Sugar profit almost doubled

BY JAMES FORTH IN SYDNEY

BUNDABERG SUGAR Company almost donbled its profit from A$6m to a record A$11.9m (U.S.$14m) in the year to April 30. The dividend has been beld at 15 cents a share, bnt is paid oo capital increased during the year by a two-for-three scrip issne. The result bears out earlier forecasts by the board of a substantial rise in profits for the full year.

Higher world market prices for sugar, improved returns from domestic sugar sales. and the progressive increase in returns from Bundaberg's diversified activities, are cited by the directors as the factors behind the record results. They predict that the same factors will bave an even greater impact on the current year's results.

The profit boost was achieved on an increase of only 37 per cent in turnover, from A$92.6m to A$127m (U.S.$149m). Bundaberg's average price for sugar produced by its mills was $A283.06 a tonne, an increase no the previons year of A$70.06. The directors said that it was significant that the group achieved a record profit in a year when for part of the selling season for Australian sugar production, world market prices were at very low levels.

* * *

HUTCHISON WHAMPOA bas announced that it is bolding discussions which may result in the sale of its 52 per cent share in Swift and Co., the Australian wbolesaling and storage company, reports Reuter from Hong Kong.

The ontcome of the discussions, Hutchison said, would be announced as soon as possible.

Hong Kong plans to stop gold hawkers

By Rodney Hobson in Hong Ko

LEGISLATION is expected be introduced in HONG KO this week to protect invest against losing money on gold market.

Such a move has been hin at for some time, especia since the surge in the g price early this year brought wary speculators into the m ket, on as little a margin 3 per cent. The idea of early tighfening of the ru being made was strengthe bere yesterday by a speech Sir Philip Haddon-Cave, Financial Secretary.

Sir Philip told the Chi Gold and Silver Excha Society: "The rapid escala in the price of gold, gratify though this may be to hold speculators and dealers a bas led to the emergence fringe gold operators wh methods of dealing, or ported dealing, clearly re sent the sort of danger to H Kong's reputation as a finan centre and to the inves public which the Governm cannot ignore.

"Far too many of t fringe operators have ado business practices which m generously be described dubious and depend in par tbe employment of untrai bnt aggressive, sales teams vassing members of the pu to induce them to specula gold in such a way as to their money."

Sir Philip said that the ex tive and legislative cou would be asked to amen commodities trading ordin to ban the "hawking" of and to require the registr and regulation of all dealers other than membe the Chinese Gold and S Exchange Society.

He said the measures "sh remove a potential sourc damage to the financial re tion of Hong Kong as we protect investors locally."

Sir Philip added: "I am fident that these measures assist positively in the tinued development of bullion trading which is an integral part of the fina services sector of our dive ing economy."

هكذا من الأجل

WORLD STOCK MARKETS

Active early Wall St. advance

STOCKS ON Wal Street tended to move ahead in active early dealings yesterday, extending last Friday's late firming trend.

Tho Dow Jones Industrial Average was 7.16 higher at $898.29 *at 1 pm, while the NYSE All* Common Index climbed 60 cents to $68.04 and advances outscored falls by a two-to-one majority. Turnover expanded to 28.38m shares from Friday's 1 pm level of 25.76m.

Tho market received a lift last Friday from news of a further oil discovery off Newfoundland and from improved second-quarter IBM profits.

Analysts noted that second-quarter corporate profit reports so far, particularly in cyclical stocks, were not as bad as forecase made when tho economy was sinking early in the quarter.

They added that a belief that the Federal Reserve would hold a steady monetary policy and not tighten to prop the dollar or revive lagging monetary growth was also encouraging.

Oils continued to strengthen. Mobil, which made the announcement on the oil discovery off New-foundland on Friday, added 1¾ at $76½ in active trading. Exxon rose ⅜ to $58⅞.

Getty Oil advanced 1¾ to $81. A Kuwait investment organisation wants to buy nearly 12m Getty shares from the estate of J. Paul Getty for $82 apiece, but the company said it would like wider disposal of the block of stock.

Active IBM rose $1 more to $63⅞. Control Data reported improved second-quarter results and put on ⅛ to $62⅞. Among other Computer issues, National Semiconductor gained ⅞ to $28, Hewlett-Packard 1⅞ to $68½ and Computervision 3⅞ to $66⅞.

Brown rose 1⅞ to $30. Public holders of Brown are to receive an additional $1.77 cash a share *for their stock when James River acquires Brown from Gulf and* Western.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index added 2.26 at 308.86 at 1 pm on volume of 3.78m shares (3.02m).

Quality Inns jumped $4 to $14. Manor Care, which has agreed *to acquire Quality for $14.25 per* share in Manor Care stock, lost $1 to $17½.

Stange advanced 1⅞ to $10⅞. Iroquods Brands said it is seeking the shareholder list of Stange and may make a bid for the rest of the Stange shares that it does not own. Iroquois, which recently acquired 7.1 per cent of Stange, hardened ⅛ to $12 on the New York SE.

Canada

Apart from a broadly lower Golds sector, Canadian markets displayed a firmer bias in reduced but still active trading yesterday morning. The Toronto Composite index edged up 1.3 to 2,118.2, while Oil and Gas put on 17.8 to 4,965.5, but Golds receded 122.8 to 4,432.2.

Tokyo

Shares continued to show an easier tendency in light trading.

The Nikkei-Dow Jones Average ended 23.25 lower at 6,799.36 and the Tokyo SE index slipped 0.82 to 468.72. Declines outpaced rises on the First Market section by 336 to 259 after volume of 210m shares, against last Friday's 250m and Saturday's half-day session total of 180m.

Among export-orientated Motors and Light Electricals, Toyota receded Y12 to Y743, Yamaha Motor Y20 to Y835, Sony Y30 to Y2,200, Victor also Y30 to Y1,600 and Pioneer Electronic Y20 to Y2,030, but TDK Electronic rose Y40 to Y2,360.

Trading Houses and Oils eased in places, but Nippon Oil improved Y20 to Y1,430.

Tanabe Seiyaku moved ahead Y100 to Y739 on speculative buying, but recent speculative favourites mainly retreated, Nippon Singlan losing Y19 to Y465 and Kyosan Y19 to Y304.

Hong Kong

Mixed price movements were recorded after an erratic day's trading which saw renewed heavy buying partially erase early losses. The Hang Seng *index closed a net 3.42 higher at* a new seven-year peak of 1,104.56.

Tho initial setback reflected profit-taking and nervousness following the Government's request for an investigation into share dealings in Hutchison Whampoa which took place immediately preceding an announcement of tho sale of 90m of its shares last September, dealers said.

Hutchison Whampoa fell to HK$10.80 before picking up to HK$11.20, down 20 cents on the day, while Jardine Matheson lost 20 cents at HK$20.60 and Swire Pacific "A" 10 cents at HK$8.80. In contrast, Hang Seng Bank gained HK$1 at HK$138, while Hong Kong Bank, HK$17.10, and Cheung Kong, HK$17.70, finished a net 50 cents firmer apiece. Swire Properties stood out strongly with an advance of 45 cents at HK$7.65.

Australia

Minings, Oils, together with resources-related issues on the Industrial boards, mainly retreated on fresh profit-taking and lack of the recent good overseas demand. The Sydney All Ordinaries index receded 10.22 to 906.38 and the Metals and Minerals index 127.28 to 5,631.85.

Energy stocks, including Shale Oils, were hit by an exodus of foreign cash despite market speculation of a better-than-expected test at Strata Oil's Dongara Basin gas find.

The speculation pushed Strata shares 25 cents higher at one point before profit-takers clipped the stock back to A$2.40 for a loss of 10 cents on the day.

With London buyers between Account periods, UK favourite Woodside Petroleum fell 21 cents to A$2.99. Hartogen lost 15 cents to A$4.70 and Monarch Petroleum 10 cents to 85 cents.

Despite talks of a promising drilling report from the Nagoor... shale oil prospect later this wee... Greenvale shed 50 cents to A... and Central Pacific A$1 to A$...

Among Minings, Bougainvil... Copper receded 15 cents ... A$2.45, Hamersley 15 cents ... A$4.50, Western Mining 16 cen... to A$5, Poseidon 15 cents ... A$4.25, Gold Mines Kalgurli ... cents to A$8.60 and Pe... Wallsend 16 cents to A$8.10.

Germany

Bourse prices were inclined ... drift lower in slack trading, le... ing the Commerzbank index ... 3.2 at 724.4.

Market observers said the m... ket is going through its tra... tional summer lethargy and ... affected by a lack of foreign ... terest.

Motors provided the weak... sector, with Volkswagen decl... ing DM 3.20 to DM 171.00 a... BMW DM 2 to DM 147. Daiml... Benz off DM 1.70 at DM 251... followed the trend despite p... dictions announced yesterday ... chairman Gerhard Prinz that ... company expected operation ... full capacity for both 1980 a... 1981.

Deutsch Bank shed DM ... and Schering, in Chemicals, ... 3, but elsewhere, Hapag Lloyd ... advanced DM 4.50 to DM 70.80.

Johannesburg

Gold issues relinquished fr... ground on the lower Bull... price, with share dealers rep... ing fairly heavy overseas selli... Buffelsfontein shed R1.25 ... R45.50 and East Driefont... R1.50 to R28.25.

Tho Anglo-American Gro... gold producer Western Holdi... featured with a fall of R2.50 ... R53.50 on news of the mer... involving Western, Free St... Saaiplaas and Wolkom. Saaipl... lost 25 cents to R9.85, Welk... 100 cents to R19.75 and Ang... 40 cents to R16.80.

Paris

The market was closed yest... day for Bastille Day.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Mobil	752,900	75½	+2⅜	Gulf Oil	331,000	45	+1⅞
Lear Petroleum	457,500	29⅝	—	Amer. Cyanamid	370,200	31	+ ⅜
U.S. Air	443,900	14⅞	+ ⅛	Atlantic Rich.	305,900	48	+1⅜
Louisiana Land	433,500	46⅝	+2⅜	Mid-SO Utl.	283,200	13	− ⅛
IBM	424,100	62¾	+1⅛	Brunswick	267,500	12¾	+ ⅛

New row in U.S. futures trading

By David Lascelles in New York

THE LONG-STANDING tussle between the Commodity Futures Trading Commission and the U.S. commodity exchanges over regulatory powers escalated yesterday in a dispute over financial futures trading.

Following the refusal of Chicago's two leading exchanges, the Board of Trade and the Mercantile, to heed a CFTC order barring them from instituting four new trading months in Treasury instruments, the CFTC was forced to resort to the courts to compel them to stop trading.

In the Federal District Court of Northern Illinois, the CFTC yesterday obtained a temporary restraining order which prevents the exchanges from trading the new months for 10 days.

The first round thus goes to the CFTC. But given the vigour with which the Chicago exchanges have been defending what they consider to be their self-regulatory rights against the encroachments of the CFTC, this may not be the end of the affair.

Both the Board of Trade and the Mercantile started trading last week in Treasury instrument futures for February, May, August and September. All months in which the Treasury issues large amounts of debt. But the CFTC was concerned because these are also the months in which the planned New York Futures Exchange (NYFE) expects to trade Treasury paper, and it is feared that proliferation will complicate the Treasury's task of managing the national debt.

World wool supply unlikely to expand

WORLD wool supplies available for consumption in the 1980-81 season are unlikely to show any increase on the 1.65m tonnes in the current season, the Commonwealth Secretariat said.

Carryover stocks, however, are likely to show a small rise from the 96,000 tonnes last year, reflecting a larger than normal Australian carryover after the 11-week wool handler strike, it said in its latest Wool Quarterly report.

There is also likely to be a relatively large carryover in Argentina where wool is being held back for better prices.

Date set for renewed cocoa pact talks

BY BRIJ KHINDARIA IN GENEVA

COCOA PRODUCERS and consumers will meet in Geneva on July 28 to discuss the feasibility of concluding a new international cocoa agreement to replace the one which lapsed earlier this year.

The talks, held under auspices of the United Nations Conference on Trade and Development (UNCTAD), will last for a week. No agenda has been fixed so participants can feel free to bring up any aspect related to cocoa for discussion.

The main issues that have deadlocked cocoa talks so far are: the level of prices to be maintained by any new agreement; whether the pact should use only buffer stocks or also production and export controls; and how it should be financed.

The $200m and more accumulated by the previous agreement has still not been returned to producing countries which agreed to allow UNCTAD Secretary General, Gamani Corea, to have another try at getting a new cocoa accord before claiming reimbursement.

If the July 28 talks in Geneva create the impression among all participants that a new cocoa agreement is possible, the existing money may be used for the new accord.

Mr. Corea has said repeatedly that he thinks a new agreement is feasible because both consumers and producers are willing to continue discussions. The fall in cocoa prices well below the minimum 120 cents level sought by producers during negotiations to renew the previous accord, may have persuaded the producers to lower their sights.

The UNCTAD Secretariat is trying to persuade consumers to open negotiations again with the aim of fixing a minimum support price of between 110c and 120c. But both Britain and West Germany have said that such a level is too high, particularly in view of likely supply gluts starting next year as a result of heavy investments made by producers five or six years ago. The EEC Commission has said, however, that 110c may be a good starting point for talks.

Producers argue that such price levels can be maintained in spite of overproduction if the accord combines a buffer stock system with output and export controls.

The U.S. opposes controls and wants the new accord to rely only on large buffer stocks.

On the London futures market cocoa prices rose sharply, reversing last week's decline. The September position ended the day £34 up at £1,070.50 a tonne.

Dealers said the rise was influenced by a very steady New York market, coupled with speculative and manufacturer buying. Most of the speculative support represented buying against earlier "short" sales, they added.

Last week's decline took prices down to the four-year lows reached last month and the fact that this level was not breached suggested the existence of a support area. Dealers thought this may have given added encouragement to yesterday's upturn.

Threat to UK egg output grows

BY RICHARD MOONEY

THE CONTINENTAL threat to British egg producers is still growing. Figures published by the International Egg Commission show that while British producers are being driven out of production by depressed prices, their counterparts in other EEC countries have been preparing for a further production increase this autumn.

Placings of day-old chicks in egg production batteries rose 5 per cent for the whole of the Common Market in April, compared with the same month last year, in spite of cuts of 16 per cent in the UK and 17 per cent in Ireland. This rise will add further to the EEC egg surplus in the autumn and winter.

The National Farmers' Union claims most British producers are already making losses so the prospect of a further output increase and still lower prices is being viewed with deep concern.

Last week Mr. Bill Leeke, chairman of the NFU poultry committee, visited France, one of the main offenders, along with Holland, to examine the possibility of voluntary restriction of exports. But the idea was not well received.

Britain's case is not helped by the fact that it is a net exporter of eggs while France is a net importer. But if present trends continue this position will change soon. In the first five months of 1979 the UK exported 520,000 boxes of eggs more than it imported. In the same period this year the figure had shrunk to 230,000.

The French told Mr. Leeke that their trade actually helped the British market. They took the small eggs British housewives did not want, while sending larger eggs for which UK demand was good, they claimed.

The competition is far from welcome to UK producers, however, especially as the eggs are sold at prices below average British production costs. The NFU suspects that this is due to hidden subsidies paid to the Continental producers and it is trying to unravel the tangle of investment grants, tax concessions, and reduced interest rates received by EEC egg growers to determine whether they have an unfair advantage over the British. The EEC Commission is also looking into this as well as seeking ways of bringing the market back into balance.

Meanwhile, the British Eggs Authority has warned that if nothing is done to prevent producers being driven out of business, Britain could be left with a permanent dependence on imported eggs. "A scheme should be introduced immediately to discourage intra-Community movements at prices below costs of production," it said.

The Authority has mounted a national car-sticker and poster campaign to alert the public to the seriousness of the situation. The egg-shaped car stickers bear the legend "The British Egg—Save It!"

Base metals depressed by gold

By John Edwards, Commodities Editor

THE DECLINE in gold and silver prices brought a generally easier tone on the base metal markets yesterday. Copper, which had been boosted on Friday by news that talks seeking a settlement of the U.S. copper workers strike were not likely to start until August 20, eased yesterday in quiet conditions. Cash wirebars closed £3.5 lower at £908.5 a tonne. Other metals followed the decline with the exception of zinc, which held steady.

Tin was nervous prior to the second offering of surplus stockpile tin due today. Lead came under pressure in late trading. It closed £3 down at £333.75 a tonne, but fell further in subsequent dealings.

Earlier it was claimed that the lead market had already discounted a big rise in LME warehouse stocks of lead, which increased by 3,475 tonnes to a total of 35,850 tonnes. A rise in aluminium stocks, up by 975 to 17,300 tonnes, failed to relieve the shortage of nearby supplies that has pushed the cash price to a premium over the three months quotation. Tin stocks rose by 65 to 1,980 tonnes, but nearby supplies also remain tight.

LME silver holdings rose by 230,000 to 28,070,000 ounces. All the other stocks were down: copper by 575 to 108,725 tonnes; zinc by 500 to 57,950 and nickel by 120 to 5,874 tonnes.

India's iron ore output

NEW DELHI—India's Calendar 1980 iron ore production is likely to be around 40m tonnes, little changed from 39.5m tonnes in 1979 and compared with 38.6m tonnes in 1978, Pranab Mukherjee Steel and Mines Minister told Parliament.

Molybdenum found in China

PEKING — Geologists have found large deposits of molybdenum with verified reserves of 1.5m tonnes in central China's Hunan Province, the New China News Agency reported.

Australian cane expansion plans discussed

BY PATRICIA NEWBY IN CANBERRA

THE CENTRAL Sugar Cane Prices Board of Australia begins hearings today into whether the amount of land allocated to sugar cane should be increased.

Cane growers and mill owners have been pushing for an increase in the strictly-controlled production levels of sugar to take advantage of buoyant world markets.

The board will hear evidence on marketing prospects in both the short and long term from CSR, the monopoly sugar exporting agent and will look into other factors such as protection for growers who cannot increase the amount of land under cane but who could suffer if prices fall and production levels rise.

The hearings, which are headed by a Supreme Court judge, are expected to take about two days. The Board will then make its recommendations to Mr. Vic Sullivan, the Queensland Minister for Primary Industries, who in turn is expected to make a decision before the end of the cane planting season in August.

Australia has obtained new contracts to supply Malaysia, Singapore and New Zealand with 1.2m tonnes of sugar between 1981 and 1984. The deals involve the sale of 155,000 tonnes annually to Malaysia and Singapore from 1981 to 1983. The New Zealand contracts are for 68,000 tonnes a year in 1984.

Malaysia and Singapore currently take almost 250,000 tonnes a year of Australian sugar. The current world spot price for sugar is about A$600 a tonne, which puts a total value on the contracts of more than A$700m.

The acting Minister for Trade and Resources, Mr. Peter Nixon, said that with the signing of the new contracts the Australian sugar industry would have firm forward supply commitments with five main consuming countries in the Asia-Pacific region. These commitments would account for more than half of the Australian industry's export availability. Mr. Nixon said that Australia had recently been receiving numerous inquiries for the supply of sugar and that the overall supply situation was "tight."

● London sugar futures prices rose sharply yesterday with the October position ending the day £16.625 higher at £297.875.

The rise was attributed to reports that the USSR purchased up to 250,000 tonnes of Philippines sugar last week coupled with a warning from sugar statistician F. O. Licht that beet growth in Poland had again been hampered by rain.

The October price climbed to £307.50 a tonne at one time, wiping out most of Friday's sharp decline, but then fell on news that Thailand would resume sugar exports today after a two months' suspension caused by a domestic supply shortage.

Weather risk to grain crops

BY OUR COMMODITIES STAFF

BAD WEATHER is threatening grain crops both in the U.S. and Europe. Constantin von Heeremann, president of the EEC Farmers' Federation (Copa), warned that this year's harvest, especially the grain crop, was being hit by the unseasonably cool and wet weather in much of Western Europe this summer.

He said that in West Germany large areas of grain had been flattened and the condition of the crop was causing concern. Belgian fodder crops have been significantly damaged by bad weather, too.

In Britain, the Home Grown Cereals Authority said there were no immediate problems for UK grain crops, although the harvest had been delayed and further rain could bring a deterioration of quality.

Meanwhile the Cereals Authority is offering for sale supplies of barley and wheat, bought up by the Intervention Board for Agricultural Produce. It is offering 14,115 tonnes of barley and 2,223 tonnes of bread-making wheat.

The decision to sell follows the recent rise in prices for old crop supplies resulting from a shortage of nearby supplies. The harvest delay due to the prolonged wet weather has brought increased demand for old-crop supplies.

U.S. farmers have been hit by exactly the opposite problem—lack of rainfall and drought conditions in several key grain growing areas, notably Texas. In its latest grain harvest report the U.S. Department of Agriculture predicted that wheat production this year would rise by 8 per cent to a record 2.32bn bushels, while the maize (corn) crop would fall by 6 per cent to 7.28bn bushels.

Immediate reaction to the report on the Chicago Board of Trade grain futures was for prices to jump the permissible limit up in early trading. The continued hot, dry weather over the week-end was seen as threatening soyabeans as well as maize, and the rise in feedgrains pushed wheat values up as well.

World cereal output rise forecast

TOTAL WORLD grain production is expected to rise to 1,581m tonnes in the 1980-81 season, compared with 1,520m tonnes previously, according to the latest estimate by the U.S. Department of Agriculture.

It said production is likely to be higher in the Soviet Union, East and West Europe, but down in Canada and the U.S. World wheat output is put at 444m tonnes against 414m in 1979-1980. Coarse grains are forecast 743m, against 728m tonnes, and world rice output is predicted to rise to 394m compared with 373m previously.

In spite of the rise in its domestic production, the Soviet Union is expected to require imports of over 30m tonnes of grain to help rebuild stocks after the poor 1979 crop and the U.S. sales embargo.

Russia has entered into a five-year agreement with Argentina to buy each year 4m tonnes of feedgrains — maize and sorghum—and 0.5m tonnes of soyabeans. The U.S. Department of Agriculture estimates the Argentine maize crop will fall to 6.5m tonnes in the year to February 1981, compared with nearly 9m tonnes the previous season.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on the London Metal Exchange following the sharp falls in gold and silver. After opening at £931 forward dropped to £923.5 owing to chartist selling and nervous liquidation. In the afternoon a sharp rally on Comex, after a weak opening, prompted a similar trend in London with three months moving ahead to £934 before easing afresh to close the late kerb at £927. Turnover: 25,425 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	903.5-4	—4.75	908-0	—3.5
3 months	926.0	—3.5	931-.5	—2.5
Settlem't	904	—4	—	.....
Cathodes				
Cash			886-.5	+1.75
3 months	894.0	+3	908-10	+.5
Settlem't	906.7	+2	—	.....
U.S. Prod	985	+3	*97-101	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £905, 4.5, 5.5, three months £928, 27.5, 27, 26, 26.5, 26. Cathodes, cash £884, 85, 86, 87, 86, 85, three months £906. Kerb: Wirebars, three months £927, 28, 25, 24.5, 24, 23.5, 24. Afternoon: Wirebars, three months £932, 33, 32, 32.5, 33, 33.5, 32, 33, 32, 31, 31.5. Kerb: Wirebars, three months £930, 29, 28, 27, 26, 25, 25.5, 28, 27, 27.5, 27.

TIN—Marginally easier in quiet trading. Forward metal opened around £7,175 but met hedge selling and offerings of cash material which depressed three months to £7,170 on the morning kerb and cash to £7,165. In the afternoon the price held around the £7,170 level before weakening in the wake of copper to close the late kerb at £7,155. Turnover: 645 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7160-5	—2.5	7140-5	—35
3 months	7170-5	—2.5	7160-70	—20
Settlem't	7165	—5	—	.....
Standard				
Cash	7160-5	—2.5	7140-5	—35
3 months	7170-5	—2.5	7160-70	—20
Settlem't	7100	—5	—	.....
Straits E.	$2145	+7	—	.....
New York	—			.....

Morning: Standard, cash £7,190, 85, 70, 60, 65, three months £7,170, 80, 90, 85, 70, 75, 70. Kerb: Standard, three months £7,170. Afternoon: Standard, three months £7,175, 80, 50. Kerb: Standard, three months £7,150, 62, 51.

LEAD—Easier. Forward metal fell from £348 on the early pre-market to around £342.5 on the morning kerb following the weakness of gold, silver and copper. In the afternoon the market held steady around this level and closed the late kerb at £341.5 but lost further ground in the after-hours trading when the price was quoted around the £338 level. Turnover: 6,775 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	333-.5	—1	333.5-4	—3
3 months	342-.5	—1	343.5-4	—.6
S'ment	333.5	—1.5	—	.....
U.S. Spot	—	.....	*34.6	.....

Morning: Cash £333, 33, 34, three months £344, 43, 42, 42.5. Kerb: Three months £342.5, 43. Afternoon: Three months £344, 45, 44, 43. Kerb: Three months £343, 42.

ZINC—Barely changed in idle trading with forward metal finally £311.5 on the late kerb. Turnover: 2,475 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	298.8-9	+1	299.5-.75	+1.1
3 months	310-.5	+.25	311-.5	+1.5
S'ment	299	+1	.....	.....
Primw'ts	—	.....	*36.3	.....

Morning: Cash £299, three months £311, 10, 10.5. Kerb: Three months £310.5. Afternoon: Three months £311.5, 11, 11.5. Kerb: Three months £311.5, 11, 10.

ALUMINIUM—Steady with the market sustained by the continuing tightness of nearby supplies. Forward metal traded in a narrow range prior to ending the late kerb at £728. Turnover: 5,150 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	748-50	—4	748-50	+.5
3 months	731-2	+2	727.8	—2

Morning: Cash £748, 50, three months £730, 29, 30, 31. Kerb: Three months £731, 30. Afternoon: Cash £748, three months £730, 29, 28. Kerb: Three months £729.

NICKEL—Little changed in quiet trading with forward metal drifting throughout the day to close the late kerb at £2,792. Turnover: 618 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2770-80	—2.5	2760-70	—5
3 months	2800-0	—5	2795-7	—7

Morning: Three months £2,807, 05. Kerb: Three months £2,800. Afternoon: Three months £2,795.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 13.3p an ounce lower for spot delivery in the London bullion market yesterday at £6.6895. U.S. cent equivalents of the fixing levels were: Spot $15.899, down 30.1c; three-month $16.296, down 29.5c; six-month $16.764, down 28.2c; and 12-month $17.639, down 26.6c. The metal opened at £6.77-£6.88 ($16.10-$16.30) and closed at £6.65-£6.76 ($15.80-$16.00).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	668.85p	—13.50	673.5p	—17.5
3 months	695.75p	—13.26	700p	—16
6 months	721.30p	—13.30	—	.....
12months	765.70p	—13.50	—	.....

LME—Turnover 139 (179) lots of 10,000 ozs. Morning: Three months 692, 93, 94. Kerb: Three months 695, 96. Afternoon: Three months 704, 6, 4, 700. Kerb: Three months 698, 95, 94.

COCOA

An active afternoon session followed a dull and listless morning, and closing levels this evening were at the highs of the day. Producers were encouraged to offer cocoa on a scale-up basis and may have recorded light sales at the height of the afternoon. Consumers, however, declined to follow the rally, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1050-52	+27.5	1052-25
Sep	1070-71	+34.0	1075-37
Dec	1115-16	+34.0	1117-1092
March	1155-56	+31.5	1156-26
May	1175-80	+31.3	—
July	1197-1205	+34.5	—
Sept	1225-26	+35.5	1223-1195

Sales: 2,686 (1,215) lots of 10 tonnes.

COFFEE

Robustas opened with gains of £15 to follow a steady New York close, reports Drexel Burnham Lambert. There were no fresh features and no fundamental factors to inspire an active day, and prices generally held in a narrow range with producer participation dominating the market for most of the session, and attempting to support values when commission houses applied some late-afternoon selling pressure.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1415-20	+15.0	1425-05
Sept	1456-67	+22.0	1465-50
Nov	1502-04	+23.3	1505-1486
January	1510-15	+12.5	1515-04
March	1470-80	+19.0	1475-70
May	1450-90	+13.0	—
July	1450-1510	+05.0	—

Sales: 25,020 (8,584) lots of 100 tonnes.

ICO Indicator prices for July 11 (U.S. cents per pound): Other Mild Arabicas 165.17 (158.00). Robustas ICA 1976 155.00 (152.00). ICA 1968 155.25 (152.25). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 179.78 (178.75).

GRAINS

LONDON GRAIN FUTURES—Grains opened 10p up. Some keen trade buying interest at 10-15p higher on barley kept values steady initially: sellers above the market halted any further rally, and values slowly eased back on some hedge and commercial selling. Values steadied after lunch on general buying interest at unchanged on the day, and values closed steady on wheat and barley. 10-20 up on wheat, and 25-35 up on barley, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept	96.05	+0.15	91.80	+0.30
Nov	99.70	+0.10	95.65	+0.55
Jan	103.55	+0.15	99.65	+0.25
Mar	107.00	+0.10	103.05	+0.25
May	110.40	+0.20	106.30	+0.25

Business done—Wheat: Sept. 96.05-95.90, Nov. 99.70-99.55, Jan. 103.60-103.45, March untraded, May 110.40-110.25. Sales: 154 lots of 100 tonnes. Barley: Sept. 91.75-91.55, Nov. 95.75-95.60, Jan. 99.55-99.40, March 102.95-102.85, May 106.20-106.15. Sales: 186 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Aug. 97.75, Sept. 99.50, Oct. 100.50 transhipment East Coast. U.S. Hard Winter, 13½ per cent, July 91.00 transhipment East Coast. English Feed fob Sept. 100, Oct. 102.50, Oct.-Dec. 103.50 East Coast. Maize: French July 123.00 transhipment East Coast. S. African Yellow July-Aug. 80.00. Barley: English Feed fob Sept. 94.50, Oct. 97.25, Oct.-Dec. 99.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 94.00, E. Midlands 95.00, N. East 96.00, Scotland 90.00. Feed wheat: Eastern 115.00.

RUBBER

The London physical market opened easier, with fair interest at lower levels, closing slightly steadier. Lewis and Peat reported a Malaysian godown price of 286 (287) cents a kg (buyer, August).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Aug	57.20-57.50	57.60-57.70	—
Sept	58.60-58.70	58.70-58.90	—
Oct-Dec	60.40-60.60	61.00-61.10	61.20-60.20
Jan-Mar	63.70-63.90	64.20-64.30	64.50-63.40
Apr-Jne	66.70-66.80	67.00-67.20	66.80-66.40
Jly-Sept	68.20-68.40	69.50-68.60	68.40-69.30
Oct-Dec	71.50-71.70	72.00-72.10	71.60-71.70
Jan-Mar	74.20-74.30	74.60-74.70	74.50-74.50
Apl-June	76.80-77.00	77.50-77.50	—

Sales: 319 (488) lots of 15 tonnes, nil at 5 tonnes.

Physical closing prices (buyer) were: Spot 56.25p (57.00p); Aug. 61.00p (61.25p); Sept. 61.00p (61.25p).

SOYABEAN MEAL

The London market opened with gains of £2.00-£3.00 over continuing concern of persistent hot, dry weather in U.S. growing areas, reports T. G. Roddick. Commercial and commission house buying met limited offers, and kept prices firm, and by mid-afternoon prices made limited advance of £5.00. On reopening, cash buying interest held prices firm and the market finished with gains of £6.00.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	117.50-18.0	+6.55	117.50-17.00
October	117.30-17.6	+5.65	117.70-11.50
December	121.00-21.5	+5.65	121.10-18.50
February	124.00-24.5	+6.10	124.50-21.50
April	126.30-25.5	+6.05	125.50-24.00
June	125.00-28.0	+5.40	—
August	125.50-30.0	+6.55	—

Sales: 284 (184) lots of 5 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £262.00 (£235.00) a tonne cif for July-Aug. shipment. White sugar daily price was £305.00 (£285.00).

Reports of extensive damage to the beet crop in Poland caused by flooding encouraged buying interest, and the market opened some £8 above pre-weekend levels, and further gains of some £7 were quickly recorded before heavier offerings blunted the advance. Thereafter, prices were contained within a narrow range throughout the day, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug	275.00-82.00	260.00-65.00	285.00-65.00
Oct	297.75-308.0	282.00-82.50	307.50-280.0
Jan	309.50-12.50	293.00-96.00	316.00-75.00
Mch	318.75-20.25	303.00-04.00	325.00-300.0
May	316.75-17.50	305.00-01.50	321.00-299.0
Aug	309.95-10.00	296.00-300.0	315.00-10.00
Oct	301.95-04.00	286.00-90.00	305.00-05.00

Sales: 5,217 (10,296) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales): Aug. 286.00, 287.00, 295.00-286.00, 593; Oct. 308.75, 309.00, 315.00-286.00, 2,101. Sales: 2,694 (5,524).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.80 (same) a tonne for home trade and £352.50 (£355.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 11: Daily price 23.46 (26.41); 15-day average 29.61 (20.26).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 472.0, 473.0, 474.0-472.0, 67; Oct. 455.0, 457.0, 457.0-455.5, 39; Dec. 458.0, 459.0, 459.0-458.0, 18; March 465.0, 466.0, 466.5-465.0, 30; May 466.0, 466.5, 466.5-465.5, 19; July 467.5, 470.0, 468.0-468.0, 14; Oct. 467.5, 470.0, 468.0-468.0, 1; Dec. 467.5, 470.0, nil, nil. Sales: 186.

BRADFORD—Trade in wooltops generally was described as lifeless, apart from a substantial merino inquiry at keen prices. Deliveries are tailing off due to imminent holiday closures.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 360, 360, nil, nil; Oct. 364, 368, 364, 1; Dec. 366, 370, 366, 1; Jan. 367, 370, nil, nil; March 370, 374, 373-371, 18; May 372, 377, 377-371, 19; Aug. 374, 377, 377, 5; Oct. 375, 380, 379-378, 18; Dec. 376, 380, 379-378, 5. Sales: 67.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 15 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1720/1740	......	$1685/65
Copper			
Cash W'bar	£908.5	—3.5	£835
3 mths	£931.25	—2.5	£855.5
Cash Cathode	£886.25	+1.75	£808
3 mths	£909	+0.5	£838
Gold troy oz	$644.5	—23	$593
Lead Cash	£333.75	—3	£310
3 mnths	£343.75	—0.5	£312.25
Nickel	£3,248.36	......	£3,246.65
Free mkt (c) (lb)	280/310c	......	270/300c
Platin'm tr'y oz	£182.50	......	£192.50
Free mkt	£283.65	—10.95	£270.15
Quicksilver	$400/410	......	$370/380
Silver troy oz	668.35p	—13.50	683.50p
3 mths	685.75p	—13.50	710.80p
Tin Cash	£7,145	—35	£7,285
3 mths	£7,165	—20	£7,310
Tungsten 22.04 lb	$143.85	......	$141.78
Wolfrm 22.04 lb	$144/147	......	$140/144
Zinc cash	£298.325	+1.125	£284
3 months	£311.25	+1.5	£296
Producers	$780	......	$780
Oils			
Coconut (Phil)	$655	+10	$660u
Groundnut	......	......	......
Linseed Crude	£410	......	£398
Palm Malayan	$560x	—5	$562.50w
Seeds			
Copra Philip	$460	+15	$440
Soyabean (U.S.)	......	......	$264.85x
Grains			
Barley Futures	£95.93	+0.30	£95.60
Maize			
French No3AM	......	......	......
Wheat			
No.1 Red Spg.	......	......	......
No2HardWint	£91	......	......
Eng. Milling	......	......	......
Other commodities			
Cocoa ship't	£1,110	+33	£1,178
Future Sept.	£1,070.3	+34	£1,125.5
CoffeeFt Sept.	£1,466	+22	£1,641
Cotton A Index	85.60c	......	83.80c
Rubber (kilo)	56.25p	—0.75	60p
Sugar (Raw)	£269	+27	£330
Wooltps 64s kl	290p kilo	......	285p kilo

u July-Aug. s Sept. w Aug. e July. z Indicator. § Buyer. ‡ Per 276-lb flask.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 110 tonnes. Small offtake continued with most buyers operating on a quiet scale. Interest ranged over numerous American-type growths, although actual transactions were confined to limited weights in South American and African styles.

POTATOES

LONDON POTATO FUTURES—The market opened 30-50 up, but lack of follow-through by buyers led to prices falling to 120-140 down by lunch. Some buying interest was apparent during afternoon session, but without conviction, and selling pressure continued at the close with the market looking very weak, reported Coley and Harper. Closing prices: Nov. 42.70, —160 (high 44.60, low 42.60); Feb. 49.00, —210 (high 51.10, low 49.00); April 56.30, —200 (high 58.50, low 56.30). Turnover: 75 (45) lots of 40 tonnes.

TEA AUCTION

LONDON TEA AUCTION — 47,410 packages were offered at yesterday's auction. Assams limited inquiry, 5p to 10p lower, with brighter East African dearer, and Central Africans tending lower. Ceylons were dearer, and South Indians firm to dearer. Quotations: Quality 150p per kilo (150p), Medium 90p per kilo (97p), Plain 70p per kilo (72p).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 63.5 to 67.9; Ulster hindquarters 75.5 to 79.0, forequarters 43.0 to 44.5; Eire hindquarters 73.3 to 77.5, forequarters 41.5 to 43.8. Veal: Dutch hinds and ends 97.0 to 100.0. Lamb: English small 61.9 to 66.0, medium 59.3 to 63.5, heavy 56.5 to 61.0. Imported frozen: NZ PL 51.9 to 62.0, PM 57.2 to 58.5. Pork: English, under 100 lb 40.0 to 49.3; 100-120 lb 40.0 to 47.3, 120-160 lb 38.5 to 45.3.

MEAT COMMISSION—Average fatstock prices at representative markets on July 14. GB cattle 76.45p per kg lw (−1.89); UK sheep 133.56p per kg est dcw (−10.14); GB pigs 66.04p per kg lw (−0.72).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Brazilian: Navels 3.30-4.00; Moroccan: 54/113's 3.60-4.20; Cypriot: Valencia Lates 3.60-4.50. Californian Sunkist: Valencia Lates 72/113's 4.50-5.90; Outspan: Navels 3.40-4.95. Lemons—Italian: 100/150's 4.80-5.00; Spania: Trays 25/45's 1.80-2.40, boxes 4.50-5.30. Grapefruits—Outspan: 4.00-4.95. Apples—New Zealand: Red Dougherty 12.00, Sturmer Pippins 10.40-11.00; Tasmanian: Sturmer Pippins 10.40; S. African: Golden Delicious 11.20-11.80, Granny Smith 11.20-11.80; Dutch: 22 lb Golden Delicious 4.00; French: 40 lb boxes, Golden Delicious 138/198's 9.00-11.00, 20 lb 4.80-5.70; Italian: Jonathans/Romee 40 lb 9.00-9.50. Pears—Spanish: Morettini per pound 0.25; Victorian: Josephines 12.00, Packhams 13.00; Chilean: Winter Nelis 10.00; French: Guyot per pound 0.30. Peaches—Italian: 1½ trays 1.80-4.00; French: 2.00-2.20. Plums—Spanish: Red 2.50-2.60, Yellow 1.30, Gaviota trays 18 lb 3.00-3.60, boxes 2.20-2.80, Burbanks boxes 1.80-2.00; Italian: Florentias 20 lb 2.00. Apricots—Spanish: 3.00-3.40; Greek: 4.80. Grapes—Cypriot: Per pound Cardinal 0.50, Perlette 0.60, Sultana 0.80; Portuguese: Cardinal 0.50; Israeli: Perlette per box 5.40. Melons—Israeli: Galia 4.00; Spanish: Marina 5/9's 2.40, Ogen 3.50-4.00, Galia 3.50, Yellow 10 kg 3.00-3.80. Water-Melons—Spanish: 3.00; Italian: 3.50. Bananas—Jamaican: 28 lb, per pound 0.17. Tomatoes—Dutch: 3.30-3.40; Guernsey: 3.00-3.40; Jersey: 3.20; French: 2.60. Onions—Spanish: 6.20-6.60; Texan: 7.60; French: 6.00; Moroccan: 6.00. Potatoes—Cypriot: New crop 20 kg 4.00; Jersey: 4.40. Beetroots—Cypriot: New crop, approx. 28 lb 1.50. Cabbages—Dutch: White 2.80-3.20. Courgettes—French: Per pound 0.20-0.22. Capsicums—Dutch: 3.60; Italian: 3.00; Spanish: 5.00.

English Produce: Potatoes—Per bag, new 2.20-2.50. Mushrooms—Per pound 0.80-0.70. Apples—Per pound Bramley 0.15-0.24. Strawberries—English per half-pound 0.20-0.25. Cabbages—Per bag 1.00. Cauliflowers—Per 12's English 2.20-2.60. Peas—Per pound 0.15-0.17. Broad Beans—Per pound 0.09-0.10. Beetroots—Per bag 1.80. Cucumbers—Trays 10/20's 1.30-1.50. Tomatoes—Per 12 lb 3.00-3.20. Lettuce—Per pound round 0.80, Cos 1.00, Webbs 1.00. Carrots—New crop 28 lb 2.80-3.30. Rhubarb—Per pound outdoor 0.06-0.07. Onions—Per bag 5.50-6.00. Celery—English 12/30's 1.50-1.60. Gooseberries—Per pound 0.13-0.15, Levellers 0.25-0.35. Cherries—Per pound 0.50-0.60. Marrows—Each 0.25. Capsicums—Per pound 0.90.

★

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.50-£5.40, codlings £3.00-£3.90; Haddock, medium £4.00-£4.50, small £2.80-£3.20; Plaice, large £4.90-£5.30, medium £4.50-£5.30, best small £2.80-£4.00; Skinned dogfish, large £8.00, medium £4.80; Lemon soles, large £6.50, medium £6.00.

EUROPEAN MARKETS

ROTTERDAM, July 14.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, July $205, U.S. No. 2 Red Winter July $183, Aug. $185, Sept. $188. U.S. No. 2 Northern Spring, 14 per cent, July $216, Aug. $213, Sept. $218, Oct. $219.50, Nov. $221.50, Dec. $230. Rest unquoted.

Maize—July $153, Aug. $152.50, Sept. $154.50, Oct.-Dec. $160, Jan.-March $167.

Soyabeans—U.S. Two Yellow Gulfports spot $315, afloat $311, July $312.50, Aug. $312.50, Sept. $319.50, Oct. $323, Nov. $323, Dec. $327.50, Jan. $331.50, Feb. $335.50, March $338.20, April $339.50, May $342.40. Argentina Aug. 309.50.

Soyameal—44 per cent protein, Aug. $249.50, Sept. $252.50, Oct. $257, Nov.-March $266. Brazil Pellets July $256, Aug. $262, Sept. $265.

PARIS, July 14.

Markets closed.

INDICES

FINANCIAL TIMES

July 11	July 10	M'nth ago	Year ago
279.20	270.10	264.92	282.52

(Base: July 1, 1952=100)

MOODY'S

July 11	July 10	M'nth ago	Year ago
1160.3	1166.2	1138.7	1088.5

(December 31, 1931=100)

DOW JONES

Dow Jones	July 11	July 10	Month ago	Year ago
Spot	414.28	409.96	431.79	409.80
F'tur's	437.41	450.22	448.78	420.72

(Average 1924-25-26=100)

REUTERS

July 14	July 11	M'nth ago	Year ago
1272.4	1257.2	1272.0	1561.2

(Base: September 18, 1931=100)

Coffee producers maintain ban

CAN CUN, MEXICO — Coffe producers from the five Central American countries plus Mexico and Venezuela, agreed yesterday to maintain indefinitely their suspension of export registrations until world coffee prices rise again.

A statement from the producers at the end of a two-day meeting here said they made their decision after considering current market conditions and what they said was an extremely low stock of coffee held by exporters.

The suspensions followed a similar move by Brazil 11 days ago.

The producers said re-opening of registrations would be carried out jointly.

They also discussed joint coffee policy for the rest of the 1979-80 year and for 1980-81. But delegates declined to say whether they had agreed on a minimum price strategy.

Reuter

No extension of Friday's late optimism and equities fall back under lead of ICI—Gilt-edged also easier

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18

* "New time" dealings may take place from 9 am two business days earlier.

The deteriorating position of UK industry highlighted in the weekend Press thoroughly doused market optimism which had revived quite suddenly in London stock markets late last Friday. The two main investment sections opened firmly enough with some longer-dated Government stocks soon around ¼ higher, partially reflecting relief that the authorities had decided not to issue a new long tap stock last Friday—only a special low-coupon short tap was announced.

Despite continuing hopes of a further early reduction in Minimum Lending Rate, investment support on any scale was not drawn and quotations began to slip back with Discount House selling tending to outweigh demand. The outcome was that the longs closed fractionally easier on the day, usually by ⅛, while shorter maturities displayed losses ranging to ⅜ among selected low-coupon issues. After the official close of business, revived small interest led to a slightly firmer tone and the falls at both ends of the market were reduced.

Awaiting the opening of the Gilt-edged market, leading shares marked time with the exception of ICI and the Oil sector. Further adverse comment following-up a broker's bearish circular upset the latter and ICI, dealers in which spoke of seeing frequent sales of employees' shares. General sentiment in equities became affected and with its performance dimmed by ICI's fall of 16 to 368p, the FT 30-share index ended 3.3 down on balance at 489.7 after having recorded a marginal improvement at 10.00 am.

Of the 819 contracts completed in the Traded options market, 209 were done in Lonrho ahead of Thursday's half-yearly statement.

Energy Capital, the oil, gas and uranium company which emerged from Hamilbourne, a cash shell, staged a highly successful market debut: from an opening level of 85p, the shares touched 100p before settling at 91p compared with the placing price of 38½p.

Banks quietly firm

The major clearing banks got the week off to a quietly firm start. Lloyds, which begin the interim dividend season on Friday, hardened a penny to 338p, after 340p. NatWest put on 3 to 375p and Midland edged forward a couple of pence to 370p. In firm merchant banks, publicity given to a broker's bullish circular helped Hill Samuel advance 4 to 135p. Manson Finance also rose 4, to 40p. Elsewhere, FNFC found support at 21½p, up 1½, while the appearance of a small buyer in a restricted market was enough to lift Bank Leumi (UK) 30 to 150p.

Breweries trended easier in quiet trading. Allied, 87p, and Bass, 233p, both closing a shade lower.

Timber shares highlighted an otherwise subdued Building sector. Montague L. Meyer's improved 3 to 96p on the satisfactory preliminary results. International revived with a gain of 4 at 107p, while Magnet and Southerns, annual results today, hardened a couple of pence to 182p. Elsewhere, William Whittingham added 4 to 117p, while investment demand in a thin market lifted J. Jarvis 9 to 117p. Buying ahead of today's annual results left H.A.T. Group 1½ harder at 37½p. Tarmac became a notable casualty among the leaders, falling 10 to 247p reflecting the dull Oil sector. Dealings in the shares of Bio-Kil Chemicals resumed at 14½p compared with the suspension price of 10p following the agreed 150p per share cash bid from Laporte, a penny off at 102p. Anchor Chemical shed 2 more to 62p, but Leigh Interests put on 10 to 172p as speculative interest continued.

House of Fraser up

House of Fraser came in for revived speculative support and closed 4 better at 132p, after 134p; Lonrho, which holds a near-30 per cent stake in Frasers announce interim results on Thursday. Elsewhere in Stores, Currys added 6 to 217p in response to Press comment and Bambers improved 4 to 47p for a similar reason. Elys (Wimbledon) gained 11 to 183p on buying in a thin market. After last week's speculative surge of 33, Polly Peck cheapened 5 to 113p on profit-taking.

Inclined harder at the start, the Electrical leaders drifted back to close without much alteration on the day. GEC touched 450p before settling up 2 on balance at 446p but Plessey ended a shade cheaper at 208p. Elsewhere, Telephone Rentals reflected favourable Press comment by rising 10 to 263p, while Derritron improved 5 to 30p for a similar reason. Electrocomponents found support and put on 13 to 625p and fresh demand lifted Farnell 11 further to 335p. Still reflecting bid hopes, Muirhead improved 4 more to 120p. Other bright spots included AB Electronic, 172p, and Unitech, 323p, up 6 apiece.

Engineering leaders rarely strayed far from previous closing levels. Elsewhere, a jump of 23 to 138p in Williams and James gave rise to bid talk. Favourable Press mention stimulated buying interest in Bruntons (Musselburgh) which advanced 8 to 98p and Westland, 5 to the good at 103p. Scattered support lifted Matthew Hall 7 to 254p and United Engineering 6 to 140p. Aurora became a better market and rallied 4 to 50p, while similar gains were marked against Desoutter, 118p, Howden, 100½p, and Spirax-Sarco, 166p, while Carlco responded to the preliminary figures with a rise of 5 to 70p.

In Foods, Baileys of Yorkshire added 4½ to 50p xd in response to favourable Press comment. Lockwoods hardened a couple of pence to 54p, while Glass Glover, interim results on Thursday, improved a penny to 47p.

Rank Org. disappoints

Having been supported up to 198p ahead of the interim results, Rank Organisation fell to touch 174p before closing a net 13 down on balance at 180p in reaction to first-half profits nearly £10m below expectations, subsidiary concern A. Kershaw dropped 40 to 285p in sympathy. Reckitt and Colman lacked support and lost 10 to 202p and Bowater declined 4 to 186p, but Turner and Newall revived with an improvement of 3 to 123p. Among secondary miscellaneous industrials, RTD jumped 7½ to 14p following news of the 5½p per share bid made by brokers Simon and Coates on behalf of Mr. Jim Dyer and associates. Dobson Park Industries rose 5 to 138p and Metal Closures put on 6 to 99p. LRC improved 2 to 31p on the results. The current rainy spell of weather attracted buyers to umbrella manufacturer Lawtex which closed 3 higher at 61p, and investment support lifted Diploma Investments 13 to 486p. Already in receipt of a cash bid worth 240p per share from the Kuwait Investment Office, Hay's Wharf were standing 3 better at 253p when dealings in the shares were suspended at the company's request pending an announcement. Vinten, however, gave up 4 to 150p following the reduced earnings and Johnson Matthey declined 17 to 368p. Still reflecting the recent disappointing interim results and Board's warning about the annual outcome, Sotheby's lost 8 more to 450p. Profit-taking after last week's advance left Tebbitt 1½ easier at 36½p.

Among Leisure issues, Warner Holidays A responded to the annual results with a gain of a penny at 47p. Coral improved a couple of pence to 63p.

Among Motor Components, Dowty remained firm and added 6 more to 228p. Dunlop, however, lacked fresh support and eased 2 to 83p. Dealings in commercial vehicle concern Fodens were suspended at 23p, down 2, at the company's request: the announcement that a Receiver is to be appointed came late in the evening. Garages featured Pennine which put on 3½ to 10p on speculative support following favourable Press comment. Henlys hardened 2 to 80p and Tate of Leeds improved 3 to 75p.

Fresh dullness in Oils led to a fall of 8 to 305p in Associated Newspapers; the half-yearly results are due tomorrow. Publishers William Collins met with support and improved 3 to 73p.

Secondary issues provided the focal points in Properties. County and District came in for support and firmed 6 to 154p, while a Press mention helped Ewart New Northern add 5 to 195p. News that Britannia Arrow had increased its stake in the company to 10 per cent lifted Anglo Metropolitan 4 to 66p. Renewed speculative interest was shown in U.K. Property which put on 2½ to a 1980 peak of 42½p xd, while Regional A improved a couple of pence to 113p. Far-Eastern advices stimulated fresh London support for Swire Properties which rose 4 more to 68p.

Oils on offer again

Fears of further cuts in petrol prices following reports of a sizeable glut in crude oil supplies due to lower demand caused marked weakness in the Oil sector yesterday. Further offerings after last Friday's setback found the market unwilling and resulted in fresh substantial losses. Clyde were outstanding with a fall of 60 at 455p, while Aran dipped 20 to 460p and Berkeley Exploration 15 to 218p. Lasmo touched 735p before settling 30 off on balance at 735p. Sovereign fell 13 to 240p and Candecca a similar amount to 171p. Tricentrol, 350p, and Ultramar, 332p, reacted 8 and 12 respectively. Leading issues held relatively steady, BP, 346p, and Shell, 408p, closing only 2 cheaper.

In mixed Overseas Traders, Paterson Zochonis added 10 to 285p and S. and W. Berisford improved 4 to 166p. Lonrho softened a penny to 116p ahead of Thursday's interim figures.

Trusts took on an irregular appearance, but movements were generally small. Rothschild, however, weakened 11 to 352p following the preliminary figures.

Golds easier

Mining markets began the new account in subdued trading with buyers deterred by a sharp decline in the bullion price—down $25 at $644.50 an ounce—following reports that the U.S. Treasury may resume selling gold.

Australians, and in particular the speculative issues, came under fairly heavy pressure from profit-taking both in overnight domestic markets and in London. Gold Mines of Kalgoorlie gave up 10 to 420p, Samantha 7 to 94p and Poseidon and Otter Exploration 6 apiece to 204p and 82p respectively. Western Mining, a major gold producer through its holding in Central Norseman, dropped 12 to 250p, after 248p.

The Ashton diamond participants encountered renewed selling on further consideration of the recent quarterly report. Conzinc Riotinto, the major participant in the venture, fell 8 to 256p, Ashton Mining a like amount to 116p and Northern Mining 18 to 114p.

In the energy sector, Central Pacific Minerals eased a point to £32 and Southern Pacific Petroleum a ½ to £11½, while Greenvale Mining closed 10 down on balance at 200p, having touched 220p in early trading. Strata Oil staged a late rally and closed only 2 cheaper on balance at 124p, after 120p, but Haoma dropped 10 to 186p and North West Mining 8 to 158p.

Trading in South African Golds fell to minimal levels.

Little selling pressure was reported but prices tended to drift throughout the day before steadying in the after-hours' trade on "cheap" buying. The Gold Mines index eased 1.6 to 365.2.

Dealings resumed in Free State Saaiplaas, Welkom and Western Holdings following details of the new gold/uranium mine at Erfdeel in the Orange Free State. Free State Saaiplaas closed at 375p, compared with a pre-suspension 365p. Welkom at 748p, compared with 764p and Western Holdings at £31½ compared with £31¼.

Financials staged a broad retreat on persistent profit-taking. Charter dipped 10 to 224p, Gold Fields 8 to 532p and RTZ and Tanks 6 apiece to 454p and 334p respectively.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jul. 7	Jul. 18	Oct. 9	Oct. 20
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17

For rate indications see end of Share Information Service

Money was given for the call of Dunlop, Hambro Life, Sovereign Oil and Gas, Lee Cooper, Norfolk Capital, Lonrho, Berkeley Exploration, Otter Exploration, Carless Capel, First National Finance, Tebbitt Group, Coral Leisure, Hampton Trust, Woodside, Associated Engineering, ICL, BSG International and John Brown. Puts were arranged in Tebbitt Group, First National Finance, Premier Consolidated, Thorn EMI, Berkeley Exploration and Racal, while double options were transacted in Airfix and Woodside.

FINANCIAL TIMES STOCK INDICES

—	July 14	July 11	July 10	July 9	July 8	July 7	A year ago
Government Secs.	70.61	70.73	70.71	70.73	70.32	70.34	72.44
Fixed Interest	72.05	71.26	71.22	71.66	71.56	71.43	73.95
Industrial	489.7	493.0	489.4	495.0	492.7	495.0	470.7
Gold Mines	365.2	355.8	361.7	369.2	373.8	364.1	160.6
Ord. Div. Yield	7.46	7.37	7.40	7.36	7.35	7.34	6.67
Earnings, Yld. % (full)	18.07	17.89	18.00	17.80	17.91	17.84	16.78
P/E Ratio (net) (*)	6.68	6.78	6.74	6.77	6.77	6.79	7.54
Total bargains	26,176	27,636	25,423	26,928	30,357	27,696	—
Equity turnover £m.	—	160.71	167.71	130.29	211.34	145.90	55.12
Equity bargains total	—	20,863	21,194	20,100	24,829	20,296	10,927

10 am 493.5. 11 am 493.3. Noon 492.6. 1 pm 491.8. 2 pm 491.8. 3 pm 491.6.

Latest Index 01-246 8026.

*Nil=6.23.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	70.73 (9/7)	63.86 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.05 (14/7)	64.70 (18/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	425.0 (7/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (16/5)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 14	July 11
—Daily		
Gilt Edged	114.3	128.5
Industrials	122.2	135.6
Speculative	46.7	40.6
Totals	87.2	92.3
5-day Avrge.		
Gilt Edged	124.5	126.7
Industrials	141.8	144.3
Speculative	50.3	54.0
Totals	95.4	97.3

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday, attained new Highs and Lows for 1980.

NEW HIGHS (102)

BRITISH FUNDS (2)
CORPORATION LOANS (4)
COMMONWEALTH & AFRICAN LOANS (1)
LOANS (1)
FOREIGN BONDS (1)
AMERICANS (2)
BANKS (6)
BUILDINGS (3)
CHEMICALS (1)
DRAPERY & STORES (2)
ELECTRICALS (6)
ENGINEERING (3)
FOODS (1)
INDUSTRIALS (11)
INSURANCE (1)
MOTORS (2)
PROPERTY (18)
SHIPPING (4)
TEXTILES (3)
TRUSTS (9)
OVERSEAS TRADERS (5)
MINES (4)

NEW LOWS (25)

BEERS (1)
Tomatin
BUILDINGS (1)
Heywood Williams
CHEMICALS (4)
Anchor Chem. Fisons
Arrow Chems. Yorks. Chems.
STORES (2)
Goodman Bros. Lincroft Kilgour
Suter
ELECTRICALS (1)
ENGINEERING (3)
Cohen (A.)
Dunhill (Alfred)
Lonsdale Universal
MOTORS (3)
Appleyard Glanfield Lawrence
Fodens
NEWSPAPERS (2)
Int. Thomson
TEXTILES (2)
Spencer (G.)
MINES (1)
Hemerdon

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	330	20	—	38	—	56	2	346p
BP	360	2½	—	20	5	40	—	"
BP	390	½	—	10	67	28	—	"
BP	420	½	—	5	10	—	—	"
Com. Union	140	20	—	27	2	32	—	159p
Com. Union	160	3	—	15	10	18	—	"
Cons. Gold	460	75	5	105	—	117	—	533p
Cons. Gold	500	35	1	75	—	90	—	"
Cons. Gold	600	2	—	21	—	40	—	"
Courtaulds	70	15	—	20	—	22	1	84p
Courtaulds	80	5½	—	13	7	17	—	"
Courtaulds	90	1	1	8	5	12	—	"
GEC	360	90	5	104	—	120	—	449p
GEC	420	30	1	52	—	72	—	"
GEC	460	6	5	28	—	48	—	"
Grand Met.	120	44	—	46	1	52	—	163p
Grand Met.	160	5	17	16½	21	23	—	"
Grand Met.	180	1	—	7½	1	14½	—	"
ICI	360	11	7	26	1	42	—	368p
ICI	390	1	20	13	5	27	11	"
ICI	420	½	5	5	—	15	—	"
Land Secs.	253	100	5	—	—	—	—	363p
Land Secs.	325	30	—	54	50	65	2	"
Land Secs.	353	7	22	34	57	46	1	"
Marks & Sp.	100	1	—	6	—	9½	—	94p
Shell	330	78	10	88	—	—	—	406p
Shell	360	48	2	60	—	60	—	"
Shell	390	18	6	42	7	50	—	"
Shell	420	2	—	26	21	34	—	"
Totals			137		312		17	
		August		November		February		
Imperial Gp.	80	3½	10	8	—	9½	—	80p
Lonrho	70	48	—	42	4	50	1	116p
Lonrho	80	38	—	30	—	40	—	"
Lonrho	90	26	15	30	—	33	20	"
Lonrho	100	19	11	22	—	26	5	"
Lonrho	110	11½	48	16½	13	20	—	"
Lonrho	120	5	37	11	54	15	1	"
P. & O.	100	31½	—	35	7	35½	—	126p
P. & O.	110	22	2	26½	—	27½	—	"
P. & O.	120	12½	20	19½	2	20½	—	"
P. & O.	130	7	3	12	—	14	—	"
Racal Elec.	230	58	—	69	3	78	—	277p
Racal Elec.	260	24	13	36	4	48	—	"
Racal Elec.	280	12	4	23	18	36	—	"
RTZ	420	42	—	67	3	95	—	454p
RTZ	460	18	1	40	—	67	—	"
RTZ	500	8	2	21	4	43	—	"
Totals			167		160		26	

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 14, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. July 11 Index No.	Thurs. July 10 Index No.	Wed. July 9 Index No.	Tues. July 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	272.16	+0.1	17.00	6.61	7.13	271.95	272.64	271.65	271.25	239.99
2	Building Materials (28)	257.57	-0.2	17.62	6.47	6.67	257.97	258.49	259.11	258.03	222.12
3	Contracting, Construction (27)	405.51	-0.3	22.76	6.04	5.34	406.64	403.88	399.82	397.82	351.33
4	Electricals (16)	759.50	+0.2	13.04	3.04	9.53	757.95	759.08	754.58	752.84	580.36
5	Engineering Contractors (11)	329.94	+0.8	20.58	7.85	6.09	327.21	328.91	325.24	322.44	376.73
6	Mechanical Engineering (74)	180.46	+0.5	17.70	7.32	6.92	179.50	180.17	179.47	179.46	178.83
8	Metals and Metal Forming (16)	168.11	-0.7	22.51	10.10	5.57	169.32	170.81	171.52	171.52	165.63
	CONSUMER GOODS										
11	(DURABLE) (49)	229.82	+0.2	14.46	5.76	8.36	229.38	228.73	228.28	228.19	226.22
12	Lt. Electronics, Radio, TV (14)	342.20	+0.6	11.32	4.12	10.93	340.23	338.92	337.24	337.95	313.12
13	Household Goods (14)	150.42	-0.2	15.92	7.09	7.71	150.81	152.16	152.94	152.64	157.00
14	Motors and Distributors (21)	101.69	-1.3	22.55	10.01	5.33	102.99	102.81	103.34	102.57	115.74
	CONSUMER GOODS										
21	(NON DURABLES) (172)	236.29	-0.3	17.42	6.80	6.93	237.02	237.78	239.54	240.12	231.18
22	Breweries (14)	260.93	-1.2	15.84	6.32	7.76	264.48	264.29	265.99	266.45	277.32
23	Wines and Spirits (5)	317.33	-0.1	17.17	5.89	7.18	317.73	320.09	321.58	322.92	306.77
24	Entertainment, Catering (17)	342.90	-0.2	16.87	6.53	7.35	342.90	345.93	349.24	349.15	305.95
25	Food Manufacturing (21)	216.46	+0.9	18.55	6.88	6.35	214.77	216.36	216.86	216.99	201.90
26	Food Retailing (15)	329.50	+0.4	13.38	4.80	9.34	328.15	330.08	333.49	334.68	292.32
32	Newspapers, Publishing (13)	440.97	-1.0	21.65	6.65	6.24	445.54	452.61	449.87	452.78	412.10
33	Packaging and Paper (15)	137.86	-0.2	25.92	9.50	4.48	138.11	136.52	137.51	136.74	123.10
34	Stores (42)	224.17	-0.7	13.71	5.50	9.40	225.75	225.50	225.97	226.41	239.00
35	Textiles (24)	140.52	+0.6	23.35	11.05	5.24	139.68	140.24	140.13	140.00	176.78
36	Tobaccos (3)	223.43	-1.3	25.69	10.43	4.43	226.37	229.25	230.09	229.09	234.38
37	Toys and Games (5)	27.24	+2.5	43.68	13.70	2.65	27.16	27.30	27.30	27.24	[illegible]
41	OTHER GROUPS (99)	220.61	-0.3	15.66	6.47	8.23	221.20	221.61	222.00	221.64	218.80
42	Chemicals (16)	320.61	-2.8	19.78	7.68	5.79	322.63	322.83	322.77	320.45	275.62
43	Pharmaceutical Products (7)	228.88	-1.3	11.06	6.03	11.18	232.44	229.87	231.85	231.93	[illegible]
44	Office Equipment (6)	107.00	-3.9	20.20	7.70	5.66	112.20	113.14	114.08	114.32	122.04
45	Shipping (10)	495.07	+0.4	12.70	6.52	9.80	493.31	488.24	492.24	491.63	425.23
46	Miscellaneous (60)	275.82	+0.1	16.46	6.61	7.44	275.55	277.23	277.71	277.72	238.03
49	INDUSTRIAL GROUP (492)	249.41	-0.4	16.90	6.54	7.12	250.45	250.96	251.54	251.83	232.54
51	Oils (8)	784.74	-0.4	29.43	6.56	3.75	790.98	797.03	807.71	806.63	613.70
59	500 SHARE INDEX	291.09	-0.5	19.44	6.54	6.00	292.48	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	210.18	+0.2	—	5.75	—	209.81	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	241.25	+0.4	40.44	6.74	3.03	240.21	239.84	238.47	237.54	244.27
63	Discount Houses (10)	269.54	-0.4	—	6.58	—	270.62	270.47	270.57	270.48	254.23
64	Hire Purchase (5)	222.46	+0.2	13.11	4.20	9.91	222.17	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	223.94	+0.5	—	6.25	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	152.76	—	—	7.84	—	152.78	153.27	153.92	154.86	121.33
67	Insurance Brokers (9)	334.46	+0.8	13.89	6.84	9.89	331.91	334.70	333.85	339.29	240.57
68	Merchant Banks (13)	133.51	-0.1	—	5.29	—	133.62	133.62	132.65	133.12	[illegible]
69	Property (45)	425.64	+0.1	3.30	2.72	42.69	425.20	426.13	422.97	420.23	348.74
70	Miscellaneous (10)	139.23	+0.2	25.79	6.27	4.04	138.80	139.22	138.83	138.19	121.83
71	Investment Trusts (109)	257.28	-0.5	—	5.50	—	258.50	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	240.81	-1.4	11.21	4.30	10.76	244.34	244.69	244.03	247.76	[illegible]
91	Overseas Traders (19)	407.06	+0.5	12.04	6.88	10.10	404.88	405.24	404.36	405.65	[illegible]
99	ALL-SHARE INDEX (750)	279.06	-0.4	—	6.22	—	280.20	281.01	281.90	282.14	245.72

FIXED INTEREST PRICE INDICES

	British Government	Mon., July 14	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.21	-0.10	0.32	5.58
2	5-15 years	113.44	-0.12	—	6.77
3	Over 15 years	118.69	-0.11	—	7.39
4	Irredeemables	131.74	-0.26	—	7.24
5	All stocks	112.43	-0.11	0.11	6.51

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Mon. July 14	Fri. July 11	Year ago (approx.)
1	Low Coupons	5 years	11.51	11.48	13.37
2		15 years	11.86	11.82	12.62
3		25 years	11.46	11.42	11.27
4	Medium Coupons	5 years	13.00	12.96	12.56
5		15 years	12.89	12.85	12.56
6		25 years	12.48	12.43	12.30
7	High Coupons	5 years	13.35	13.30	13.05
8		15 years	13.32	13.30	12.66
9		25 years	12.25	12.20	12.19
10	Irredeemables		11.15	11.12	10.73

		Mon., July 14 Index No.	Yield %	Fri. July 11	Thurs. July 10	Wed. July 9	Tues. July 8	Mon. July 7	Friday July 4	Thurs. July 3	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.80	13.78	53.63	53.63	53.53	53.35	53.19	53.08	53.04	57.54
16	Investment Trust Prefs. (15)	49.71	13.63	49.71	49.97	49.97	49.97	49.97	49.97	49.52	52.16
17	Coml. and Indl. Prefs. (20)	65.25	13.76	65.23	65.06	64.67	64.61	64.50	64.42	64.46	70.06

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	17	735	-30	830	337
Energy Cap. New	12½p	13	91	—	100	85
ICI	£1	11	368	-16	402	348
Ultramar	25p	10	332	-12	384	206
Premier Cons.	5p	8	92	-4	109	39½
Charter Cons.	2p	7	224	-10	234	134
Hampton Trust	5p	7	61	-3	61	18
RTZ	25p	7	454	-6	485	327
Allied Brews.	25p	6	87	-1	89	68
Shell Transp.	25p	6	408	-2	412	314
Tricentrol	25p	6	350	-8	414	250
Barclays Bank	£1	5	402	—	408	327
BP	25p	5	346	-2	412	320
European Ferries	25p	5	188½	+2½	189	88
GEC	25p	5	446	+2	452	326

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
‡38	F.P.	—	100	85	Energy Capital 12½p	90	—	—	—	—	—
55	F.P.	20.6	90	74	Homa Farm Prods. 10p	80	—	b2.2	2.5	4.6	12.3
—	F.P.	—	[illegible]	[illegible]	Jenkin & Purser	[illegible]	—	—	—	—	—
‡63	F.P.	27.5	91	73	Oakwood Group	80	—	b5.1	[illegible]	[illegible]	[illegible]
‡40	F.P.	27.6	110	91	Peerless	91	—	b6.5	2.8	9.9	4.5
‡90	F.P.	—	112	108	M.S.P. O. Minerals 10p	106	—	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‡	Nil	23/7	14pm	9½pm	British Home Stores 9% Cnv. Ln. '92	9½pm	[illegible]
100	F.P.	22.8	101	95	Cowie (T.) 10½% Conv. Red. Cum. Pref.	95	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Astbury & Madeley	117	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Berisford (S. & W.)	28pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brown & Jackson	19pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Carless Capel	152	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clive Discount	17pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Harrison & Crosfield	645	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hawley Leisure	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hazlewood Foods	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Land Securities	335	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lloyds & Scottish	165pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mallinson Denny	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pancontinental	320pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Silvermines	160	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Thurgar Bardex	1pm	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at £3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd. [illegible]

Henderson Baring Group [illegible]

Hill-Samuel & Co. (Guernsey) Ltd. [illegible]

Hill Samuel Invest. Mgmt. Intnl. [illegible]

International Pacific Inv. Mngt. Ltd. [illegible]

Jardine Fleming & Co. Ltd. [illegible]

Kemp-Gee Management Jersey Ltd. [illegible]

Keyser Ullmann Ltd. [illegible]

King & Shaxson Mgrs. [illegible]

Kleinwort Benson Limited [illegible]

Lazard Brothers & Co. (Jersey) Ltd. [illegible]

Lloyds Bk. (C.I.) U/T Mgrs. [illegible]

Lloyds Bank International, Geneva [illegible]

M & G Group [illegible]

Management International Ltd. [illegible]

Midland Bank Tst. Corp. (Jersey) Ltd. [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser) [illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Negit S.A. [illegible]

N.E.L. International Ltd. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Providence Capitol Life Ass. (C.I.) [illegible]

Quest Fund Managmnt. (Jersey) Ltd. [illegible]

RBC Investment Managers Limited [illegible]

Richmond Life Ass. Ltd. [illegible]

Rothschild Asset Management (C.I.) [illegible]

Rothschild Asset Mgt. (Bermuda) [illegible]

Save & Prosper International [illegible]

Schroder Life Group [illegible]

J. Henry Schroder Wagg & Co. Ltd. [illegible]

Sentry Assurance International Ltd. [illegible]

Singer & Friedlander Ldn. Agents [illegible]

Standard Chartered Intl. Bd. Fd. [illegible]

Stronghold Management Limited [illegible]

Surinvest (Jersey) Ltd. [illegible]

Surinvest Trust Managers Ltd. [illegible]

TSB Unit Trust Managers (C.I.) Ltd. [illegible]

TSB Gilt Fund Managers (C.I.) Ltd. [illegible]

Tokyo Pacific Holdings N.V. [illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V. [illegible]

Tyndall Group [illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

Wardley Investment Services Ltd. [illegible]

World Wide Growth Management [illegible]

Wren Commodity Trust [illegible]

NOTES [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Britannia Trust Management (a) (c) (g)

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Carr, Sebag Unit Trust Managers (a)

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Chieftain Fund Managers (g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Trs Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

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Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd. (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Saturn Fund Management Limited

J. Henry Schroder Wagg & Co. Ltd. (a)(g)

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Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

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Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

TSB Unit Trusts (y)

Tyndall Managers Ltd. (a)(b)(c)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

For Schlesinger Trust see Britannia/Schlesinger

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Albany Life Assurance Co. Ltd.

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Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

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Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

The London & Manchester Ass. Gp.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

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Gartmore Bonds

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Hearts of Oak Benefit Society

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Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London A'dam & Nthn. Mtl. Assur. Ltd.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Prov. Growth Pension & Annuities Ltd.

Providence Capital Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

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Solar Life Assurance Limited

Standard Life Assurance Company

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Sun Alliance Linked Life Ins. Ltd.

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Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

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Vanbrugh Pensions Limited

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Barbican Managers (Jersey) Ltd.

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Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	+ or –	Int.	Red. Yield
90½	82¼	Aust. 5½pc '81-82	90	......	6.21	13.11
82½	72½	Do. 6pc 1981-83	82½	+¼	7.34	12.81
64¾	58	N.Z. 7¼pc 1988-92	64¾	......	11.22	13.20
79	72	Do. 7½pc '83-86	79	......	9.55	12.75
95¼	83	Sth. Africa 9½pc '79-81	95¾	......	10.11	14.59
160	107	Sth. Rhod. 2½pc '65-70	153#	......	—	—
169	133	Do. 6pc '78-81	167#	......	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Gr's
11⅝	855p	Hudson's Bay II	876p	–12	$\$1.20$	—	5.2
14¼	925p	Hud. B. Oil G. $2½	13½	–⅛	57½	—	1.6
21⅞	13⅛	Imperial Oil	16⅝	......	$\$1.40$	—	3.2
14	855p	Inco	915p	+25	72c	—	3.0
565p	425p	Int. Nat. Gas $1	525p	+5	$\$1.00$	—	7.3
495p	265p	Massey Ferg.	265p	–10	—	—	—
200p	100p	Place Gas $1	115p	–8	—	—	—
14⅛	10⅝	Rio Algom	12⅛	–⅛	$\$1.50$	—	4.7
19½	14½	Royal Bk. Can. $2	16¾	–⅛	$\$2.56$	—	5.3
25½	15⅞	Seagram Co. C$1	23⅞	+⅛	$\$US1.30$	—	2.1
11½	890p	Tor. Dom. Bk. $1	12⅛	......	$\$1.36$	—	4.6
10½	815p	Trans Can. Pipe	890p	+10	$\$1.16$	—	4.9

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INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

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NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ∅ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	32	......
Bertam	16	......
Bdg'wtr. Est. 50p	430	......
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	32½	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	£15	−½
Higsons Brew	77	......
Holt (Jos) 25p	258	......
I.O.M. Stm. £1	192	......
Pearce (C. H.)	455	......
Peel Mills	44	+4
Sheff. Refrshmt.	102½	......
Sindall (Wm.)	143	......

IRISH		
Conv. 9% '80/82	£91⅞	......
Nat. 9¾% 84/89	£80[illegible]	......
Fin. 13% 97/02	£94[illegible]	−⅛
Alliance Gas	48	......
Arnott	187½xd	......
Carroll (P.J.)	60	......
Clondalkin	120	+3
Concrete Prods.	78	......
Helton (Hldgs.)	32	......
Ins. Corp.	246	......
Irish Ropes	45	......
Jacob	32	......
T.M.G.	87	......
Unidare	89	......

OPTIONS

3-month Call Rates

Industrials	
A. Brew	7
BOC Intl.	6
B.S.R.	4½
Babcock	8
Barclays Bank	34
Beecham	10
Blue Circle	25
Boots	16
Bowaters	15
B.A.T.	20
Brown (J.)	6
Burton 'A'	10
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	15
F.N.F.C.	2¼
Gen. Accident	21
Gen. Electric	30
Glaxo	18
Grand Met.	12
G.U.S. 'A'	34
Guardian	23
G.K.N.	20
Hawker Sidd.	15
House of Fraser	15
I.C.I.	27
"Imps"	6½
I.C.L.	14
Imeresk	4
Ladbroke	15
Legal & Gen.	15
Lex Service	8
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lucas Inds.	17
"Mams"	14
Mrks. & Spncr	8
Midland Bank	26
N.E.I.	5
Nat. West. Bank	27
P & O Dfd.	10
Plessey	14
Racal Elect.	22
R.H.M.	4½
Rank Org.	15
Reed Intnl.	16
Sears	5
Tesco	6
Thorn	23
Trust Houses	12
Tube Invest.	23
Unilever	40
U.D.T.	5½
Utd. Drapery	6½
Vickers	12
Woolworths	5½

Property	
Brit. Land	7
Cap. Counties	9
Land Secs.	24
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils	
Brit. Petroleum	32
Burmah Oil	28
Charterhall	10
KCA	11
Premier	13
Shell	35
Tricentrol	40
Ultramar	35

Mines	
Charter Cons.	14
Cons. Gold	40
Lonrho	8
Rio T. Zinc	36

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

FINANCIAL TIMES
Tuesday July 15 1980

Officials oppose aircraft purchase

BY ELINOR GOODMAN

THE TOP Defence Ministry civil servant is believed to have warned Ministers that if they buy British aircraft for the RAF in preference to cheaper American ones, he may ask to be dissociated from responsibility for the decision.

The decision to buy 14 British Jetstreams from British Aerospace could involve a total expenditure of £16m in 1982, instead of the £11m similar U.S. planes would cost now. The Prime Minister and other senior Ministers have argued that the extra cost is justified by wider economic considerations.

In what is seen as Ministry's final attempt to get the planes it wants, Sir Frank Cooper, the Permanent Under-Secretary at Defence, has apparently indicated that he may seek a "written direction" from Mr. Francis Pym, the Defence Secretary. This would say that Ministers knew the decision could not be justified in purely financial terms and was influenced by political considerations.

Provision for such ministerial directions is made under the procedures of the Public Accounts Committee which scrutinises public spending and monitors departmental spending.

The fact that Sir Frank should apparently be considering resorting to it indicates the strength of feeling in the Ministry.

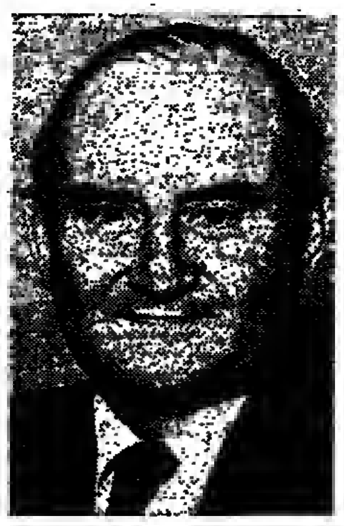
The RAF told the Ministry earlier this year that it wanted to replace its existing fleet of light communication aircraft with the U.S.-made Beechcraft Super King Air 200. Officials thought then that this order could be placed within the Ministry's budget.

They argued that the U.S. plane was a better buy than the Jetstream, which they argued was more expensive and not available for another two years, when the defence budget was under even greater strains.

Other Government departments argued that the order was essential to the development of Jetstream—and that many jobs in Scotland depended on the project.

The order eventually went to a Cabinet committee where Mrs. Thatcher apparently argued strongly that the order should go to British Aerospace.

The assumption then was that the order would definitely go to British Aerospace. Ministers have been waiting to hear that the order has been placed—but all they have heard is more about the objections which officials have to the British aircraft.



Sir Frank: Making clear the Ministry of Defence opposition to proposed aircraft purchase.

Rail disposals plan toned down

BY LYNTON McLAIN

GOVERNMENT plans for private investment in British Rail's Sealink UK, Seaspeed Hovercraft, British Transport Hotels and part of the British Rail Property Board subsidiaries were unveiled yesterday in substantially weaker form than had initially been discussed with British Rail.

Mr. Norman Fowler, Transport Minister, has decided that the British Railways Board should own 100 per cent of the holding company to be set up to embrace these non-rail subsidiaries.

This is a clear victory for Sir Peter Parker, chairman of the British Railways Board, and the rail unions who persistently resisted Government proposals to take the subsidiaries away from British Rail completely. Such a move would have cut the Public-Sector Borrowing Requirement substantially.

Under the Government's revised measures agreed with the British Railways Board, the Board will set up a company to hold the non-rail assets and eventually shares in these businesses. The Board will also have the right, subject only to "reserve powers" to be held by the Minister, to appoint the proposed holding company's board members.

Mr. Fowler said yesterday after a statement in Parliament that he had decided against setting up the holding company completely outside BR control because the scheme now proposed was the "easiest, least bureaucratic way of meeting their joint objectives." The Government recognised that the obvious links existing between British Rail and its subsidiaries should be maintained. This it was stressed in over the past months by the British Railways Board.

Sir Peter and Mr. Fowler have agreed that the subsidiaries would not receive "essential commercial freedom" unless private capital was attracted in sufficient volume and unless private investors were assured of sufficient control through their shareholding to ensure freedom to operate on equal terms with competitors.

British Rail and the Government suggest that there will probably be a range of initiatives to secure private investment. These may include one or more flotations of shares, joint ventures with private sector partners and sales of property.

The overall aim is for the businesses to pass into "effective private sector ownership," as soon as practicable.

But the Government is concerned about the possibility of foreign companies investing in the subsidiaries. It is also concerned but undecided about the possible involvement of European Ferries, one of Sealink's main rivals on the Channel, in the holding company.

Both these points are to be clarified before legislation is introduced, possibly in the Queen's Speech in November. Legislation is essential before private sector funds can be used in British Rail subsidiaries.

Chrysler to seek further funds

By David Lascelles in New York

THE Chrysler Loan Guarantee Board, the Federal Body authorised to deal out Federal Aid to the ailing motor company, mets again today to consider the next stage in the Chrysler rescue operation.

The main item on the agenda is expected to be Chrysler's application for the second tranche of Federal Loan Guarantees. So far the car maker has drawn $500m of the total $1.5bn authorised by Congress.

Although the precise sum requested by Chrysler this time was not known yesterday, the company has said that it expects to ned about $250-$300m more by the end of this year, by which time it hopes to be profitable again.

However, Chrysler's expectations were contradicted by Mr. G. William Miller, the U.S. Treasury Secretary, who said that he expects Chrysler to need a total of $1.1bn to $1.2bn this year, several hundred million more than Chrysler estimated, and the highest estimate yet by an Administration official of Mr. Miller's seniority.

But he reaffirmed his belief that Chrysler will eventually recover.

Chrysler's own recovery plan foresees a return to profitability by the end of this year, largely because of the expected boost in earnings from its new K model, fuel-efficient car.

However, this hope is treated with some scepticism in Wall Street, where analysts expect the company to register a loss close to $1bn, even if earnings improve in the final quarter.

David Buchan in Washington writes: U.S. Treasury Secretary, Mr. Miller, who attended a weekend meeting of President Carter's senior economic advisers in Jekyll Island, Georgia, where the President is holidaying, said a tax cut plan for 1981 would not be announced before October.

With the spotlight on Republicans in Detroit, President Carter is quietly working on his Administration's response to the Republican tax-cutting plan, a response that will become clearer when the mid-year budget review is unveiled on July 21.

The President has preferred not to rush into an early tax cut proposal. But it is not only election campaign pressure that might force Mr. Carter's hand before that date. Some Government economists are anxious that if Mr. Carter leaves a tax cut too late, it will not act as a stimulus to the U.S. economy but as an inflationary boost as the economy picks up.

The Administration is certain to continue throughout the Election Campaign to attack the 10 per cent income and Corporation Tax cut plan of the Republicans as wildly inflationary.

Pension funds defy Murdoch

BY CHRISTINE MOIR

THE Electricity Council pension funds have launched an independent campaign to prevent control of News International passing to Newe Corporation, Mr. Rupert Murdoch's Australian master company. News International publishes the Sun and News of the World newspapers.

The electricity funds have been without their two senior investment managers since Mr. Alan Urwin and Mr. Bill Lunn were suspended in February pending an investigation into a long-term property investment.

The funds stated yesterday that Mr. Murdoch's offer to absorb News International was "generally unsatisfactory and does not adequately reflect the value of the assets of News International."

The Funds, which are the largest non-family shareholders of News International with 3.16 per cent, will be voting against the offer and will urge other shareholders to follow suit.

Only 5m or so votes are needed to prevent the deal going through. News Corporation is prevented from voting its own 49.9 per cent holding, and the deal requires 75 per cent of the other shareholders to approve it. The council funds own 1.255m of the 39.8m shares in issue.

Other institutional shareholders are unlikely to follow the electricity funds' lead. Some half dozen have already indicated that they will accept the deal, and yesterday other significant holders said that they would also accept.

Hambros Bank, which is advising News International, said: "We have canvassed the field fairly widely and we are not aware of any other major holder who feels the same as the electricity funds."

Continued from Page 1

Debt repayment

renegotiated the $1.5bn Eurocurrency loan in August 1978 to lower the interest rate cost and extend the maturity between 1985 and 1988. As part of the plan to repay the credit prematurely between now and the end of 1980, total repayments of public sector debt over the next six months will amount to $2.5bn, according to Treasury figures.

Mr. Lawson made it clear that an important factor behind the decision to shed the foreign debt burden was the level of Britain's official reserves. These now stand at a record figure of more than $28bn, bolstered in recent years by the revaluation of the UK's 710 tonnes of official gold reserves.

Mr. Lawson said the Government will not have to pay any penalties to the banks for making early repayment of the $1.5bn borrowing.

The only other Euromarket credit raised directly by the Government — the $2.5bn borrowed in 1974 on slightly more costly terms, which has a final maturity date in 1984 —cannot however be repaid without penalties until next year. This clearly gives the Treasury an option to make a further step to reduce official debt exposure in 1981.

Details—Page 9

Continues from Page 1

Gas prices

some of their competitors on the continent.

It says one reason for this is British Gas links its prices to the gas oil price, while most continental countries link their industrial gas prices to the lower fuel oil price.

The association says that British Gas's present supply and pricing policies for gas for industry are "paradoxical and totally unacceptable."

The association is concerned to "press the case for all industrial users of gas and does not seek special privileges for the chemical sector."

The paper, based on a survey of 170 member companies, says 46 out of 99 contract gas customers had requests for new or additional gas supplies refused by British Gas last year. It estimates that these 99 companies alone will require an extra 120m therms of gas a year by 1985.

Continued on Back Page
Electricity reorganisation, Page 8

Weather

UK TODAY

SHOWERS, sunny intervals.

London, E., W. Midlands, S.E., N.W., S.W., Cen. S. England, N., S. Wales

Sunny periods, scattered showers, cool. Max. 18C (64F).

Cen. N., N.E. England

Showers, heavy in places, sunny intervals. Max. 15C (59F).

S.W., S.E., N.W. Scotland, Ulster, Borders

Sunny intervals and scattered showers. Max. 16C (61F).

C. Highlands, N.E. Scotland

Cloudy with showers, heavy in places. Max. 14C (57F).

Outlook: Dry, sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Locarno	C	21	70
Algiers	S	29	84	London	R	13	55
Athens	S	30	86	Luxmbg.	R	14	57
Bahrain	S	39	102	Luxor	S	43	109
Barcina.	S	22	72	Madrid	S	31	88
Belfast	C	17	63	Majorca	S	23	73
Belgrd.	S	24	75	Malaga	S	24	75
Berlin	F	18	64	Malta	S	27	81
Biarritz	S	20	68	Mchstr.	C	17	63
Bmghm.	C	13	55	Melbne.	S	12	54
Blackp'l	F	15	59	Milan	F	23	73
Bordx.	C	21	70	M'ntreal	S	24	75
Boulgn.	[illegible]	14	57	Moscow	C	14	57
Bristol	[illegible]	15	59	Munich	C	18	64
Brussels	F	17	63	Nairobi	C	20	68
Budpst.	C	21	70	Naples	S	25	77
B. Aires	S	15	58	Nwcstl.	F	15	59
Cairo	S	34	93	N. York	S	27	81
Cardiff	C	15	59	Nice	F	21	70
Casbca.	S	26	79	Oporto	S	18	66
Cape T.	S	16	61	Oslo	F	21	70
Chicago	S	30	86	Paris	F	17	63
Cologne	C	17	63	Perth	R	15	59
Cpnhgn.	C	16	61	Prague	C	17	63
Corfu	S	29	84	Reykjvk.	C	10	50
Dublin	F	15	59	Rhodes	S	29	84
Dbrvnk.	S	24	75	Rio J'o	C	25	77
Ednbgh.	C	13	55	Rome	S	24	75
Faro	S	27	81	Salzb'rg	F	21	70
Florence	C	25	77	Singapr.	C	32	89
Frankf't	R	16	61	Stckhm.	F	20	68
Funchal	S	24	75	Sydney	C	15	59
Geneva	C	23	73	Tehran	S	28	82
Glasgow	C	15	59	Tel Aviv	S	28	82
G'rnsey	C	14	57	Tenerife	F	18	64
Helsinki	F	19	66	Tokyo	C	27	81
H. Kong	R	24	75	Toronto	S	25	78
Innsbr'k	F	19	66	Tunis	S	29	84
Invrnss.	C	11	52	Valencia	S	26	79
Istanbul	S	28	82	Venice	F	25	77
Jersey	C	16	61	Vienna	C	21	70
Jo'burg	S	15	59	Warsaw	C	15	59
L. Plms.	S	26	79	Zurich	F	20	68
Lisbon	S	27	81				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

U.S. doubts over Saudi oil forecast

FINANCIAL TIMES REPORTER

SENIOR U.S. oil executives treated with scepticism a report yesterday which quoted Prince Saud al Faisal, Saudi Arabian Foreign Minister, as saying his country would continue output at 9.5m barrels a day until the end of the year.

According to An-Nahar, the normally reliable Beirut newspaper, he said, when questioned on the subject: "This is an established policy of the Kingdom."

The growing conviction, however, is that Saudi Arabia intends to bargain over its production level with other members of the Organisation of Petroleum Exporting Countries in an attempt to obtain a unified price agreement on the basis of $32 per barrel.

If they were prepared to adopt the long-term pricing proposals recommended by OPEC's long-term strategy committee, it is now widely believed that Saudi Arabia would agree to reducing its rate of output to the "official ceiling" of 8.5m b/d.

It could do this without creating upward pressure on prices because of the market surplus which Sheikh Ahmed Zaki Yamani, Saudi Oil Minister believes will amount to 4.5m b/d by the end of the summer.

It is also pointed out that the Kingdom's Supreme Petroleum Council has left it until the end of each quarter to decide the level of production for the following three months.

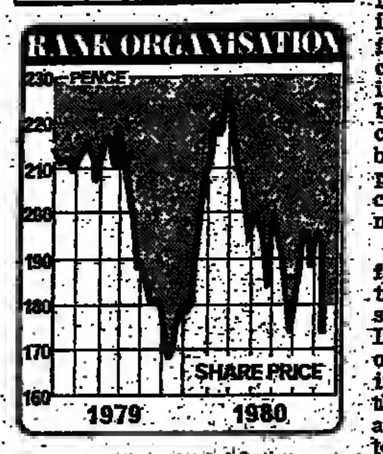
On this occasion the OPEC conference of oil, Foreign and Finance Ministers planned for some time in September, probably in Vienna, will be of critical importance.

The trilateral meeting is expected to approve, possibly after revision, the long-term strategy report prior to the OPEC summit in November.

THE LEX COLUMN

Rank squeezed as Xerox falters

Index fell 3.3 to 489.7



The City got the Rank Organisation's results wrong again, but whereas in January the analysts were too gloomy, yesterday's interim figures—with pre-tax profits down from £64.4m to £53.4m—were 10 per cent or more below expectations. Curiously Rank is not berating the analysts this time as it did six months ago with its complaint of "pessimistic City predictions." At least Rank is able to cast Rank Xerox, hit by sterling and by tougher competition, as the main villain of the piece with profits some £11m lower at £54m before tax. But the Organisation's own trading performance is far from being in a heroic mould, with a non-Xerox loss of £0.5m, much the same as for November-May last time; it cannot blame the severe weather and spate of industrial troubles which affected the results early in 1979, and the financing benefit of the £63m rights issue should have been worth close to an extra £5m.

Sterling's progress from $2.08 to $2.27 over the period hit Rank Xerox hard. Even without the currency problem, however, its profits would have been 3 per cent down, despite buoyant machine placements. The problem has been that cash-short customers have been opting to an unexpected extent for rental contracts rather than the outright purchases which RX has been relying on to swell short-term profits while the group gets over a bump of product launching expenses. In the rest of the year RX hopes its profits will not look quite so weak—benefits will come from certain first-half price rises, attempts are being made to rebalance the rental/sales mix, and costs are being trimmed.

The Organisation should get a reasonable second half contribution from Butlin's (now including the Leisure Caravan Parks acquisition) and most overseas activities appear to be going well. But UK manufacturing operations appear to be struggling—Rank Radio is pulling out of audio products—and sterling and the decline in tourism are affecting the hotel side. For the year group pre-tax profits could well be down from £131.2m to around £120m, and the shares tumbled 13p to 180p yesterday—where they rest on the support of a yield of 8.8 per cent.

BR assets

Labour backbench MPs' rage yesterday at the "privatisation" of selected British Rail subsidiaries — on the grounds that the profitable parts of the organisation were being stripped away to provide a feast for the vultures — appears rather wide of the mark. Even the most saleable of the goods on offer, Sealink UK, has a return on capital employed of below 9 per cent, while the Hovercraft business has never made a profit and the hotel division managed an operating surplus of only $300,000 last year.

Sealink's latest balance sheet shows up net assets of £45m against debt of £121m. Presumably, though, the internal and Government loans of £37m could be converted into equity held by the state, producing a one-to-one debt/equity ratio. Much of the external debt, equivalent to £62m, represents leased assets, a way of financing capital expenditure that becomes prohibitively expensive for a nationalised industry with the current Finance Bill. Hovercraft, which could hardly be sold independently, may be lumped together with Sealink, although there are problems over the pooling operation with the French.

Fodens

The rescue of Fodens in 1975 was of great symbolic importance in the City. At a time when the National Enterprise Board was being granted vast resources, it seemed to suggest that the private sector still had a role to perform in saving viable businesses, and the affair played a major part in the decision to establish Equity Capital for Industry—with its ambitious mission to aid industry dominated by much more powerful competitors. In the four years following the equity injection, operating cash flow fell well short of its working capital requirements—let alone its spending on fixed assets, but until quite recently it has continued to manufacture a broad range of its own components. This is in marked contrast to its more successful neighbour, ERF.

The fact that Fodens has failed does not mean that institutions should steer clear of such problems in the future. Instead, the moral may be that once institutions do get involved in a support operation they should be prepared to adopt an active monitoring role, to wait for a long time for any pay off, and—in the case of high risk businesses—to look for a stronger partner to take over the company. In the case of Fodens, the institutions appeared to play very little part in the affairs of the group until they had handed over their cash, which came in the form of 10 per cent convertible preference, and a subsequent bid from Rolls-Royce Motors was crisply rejected. Faced with a recession on the present scale, the combination has proved fatal.

Barclays Intl.

Crowding out may still be rife in the London capital market, but a wind of change is blowing from the Euromarkets. Yesterday, as the British Government was detailing its plans to repay its $1.5bn of debt, Barclays Bank International was coming to market for $200m, the largest ever UK private sector Euromarket borrowing. This money, which comes on top of a $100m loan made by the bank last December, will be used in connection with the $165m acquisition of Aetna Business Credit.

The new issue will start life as a floating rate note but like recent bonds floated by Midland Bank and Standard Chartered Bank it carries an option for the lender to convert into a fixed rate bond on a 41 per cent coupon.

Barclays sees the issue as a straight bond rather than as an odd sort of "floater," and it anticipates that conversion might begin quite soon as dollar rates decline—although it will not be compulsory, as it would be with a drop-lock bond. At the moment Barclays would probably have to pay around 11 per cent for a straight bond maturing in 1995.

Australian threat to EEC imports

BY JOHN WYLES IN BRUSSELS

THE Australian Government is threatening reprisals against imports from the EEC, if the Community introduces export subsidies for lamb under the recent agreement designed to end the Anglo-French sheepmeat war.

In what appears to be a prelude to its discussions in Canberra this week with Mr. Finn Olav Gundelach, the Community's Agriculture Commissioner, Australia has warned that it might take reprisals against imports of EEC products ranging from motor cars to the European Airbus.

Australia, while only a modest exporter of lamb to the Community, is the largest producer of lamb and mutton.

Drawing on its experience with other EEC agriculture products over the past 15 years, it fears a possible slump in the world lamb market if the new EEC regime eventually leads to surplus domestic production which is then disposed of in subsidised prices on external markets.

The sheepmeat regime was agreed at the end of May as part of a package settlement embracing Britain's EEC budget problem.

Its introduction is still several months away, however, partly because of differences over detail among the Nine and because an undertaking is needed from New Zealand to restrain voluntarily its lamb exports to the Community.

Australian concern about the regime was voiced in Tokyo last week to Herr Wilhelm Haferkamp, the EEC Commissioner for External Relations, by Mr. Malcolm Fraser, the Australian Prime Minister, when both men were attending the memorial service for Mr. Masayoshi Ohira, former Japanese Premier.

Mr. Haferkamp told a Press conference here yesterday that Mr. Fraser had said an Australian decision on the possible purchase of the European Airbus would have to be taken "in the context of overall relations between the two sides."

Meanwhile, Mr. Peter Nixon, the Australian Minister for Primary Industry, issued a tougher warning yesterday that it would retaliate against imports from the EEC, worth up to US$500m a year, might be blocked, if the Community persists with policies which damage world agriculture markets.

He cited sugar, beef, milk powder, butter and wine as Australian products whose sales had been hurt by the subsidised export of EEC surpluses.

Australia's opposition to export refunds for sheepmeat is fully shared by New Zealand, and will be stressed in negotiations with Mr. Gundelach in Christchurch later this week.

The New Zealanders are likely to exploit their leverage over the introduction of the EEC sheepmeat regime by seeking the total abolition of the 20 per cent tariff on their lamb exports to the Community.

New Zealand sells about 240,000 tonnes of lamb a year to the EEC, including 200,000 tonnes to the UK.

Its acceptance of voluntary restraint is needed because, unless New Zealand's theoretical right to unlimited lamb exports to the EEC is waived, the costs to the Community of the new sheepmeat regime could ultimately be very large.

Relatively inefficient lamb producers, notably in France, are unable to match New Zealand prices but will be guaranteed a higher price level from Brussels.

● Mr. Haferkamp also revealed that Japanese Ministers and officials stressed their desire in Tokyo last week for broader co-operation with the EEC on other matters, apart from trade. He thought this could be achieved through a new negotiating strategy which the Commission has outlined to EEC Governments.

This would seek Japanese export restraint on a number of sensitive products as part of a broader package which would also provide for the gradual removal of quota restrictions imposed by some of the Nine on Japanese products.

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